

CSC Business Systems Limited

Report and Financial Statements

Period from 31 March 2007 to 28 March 2008

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CSC BUSINESS SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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CSC BUSINESS SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G M Hains
P D Crouch
H M Eales

SECRETARY

G A Wilson

REGISTERED OFFICE

Royal Pavilion
Wellesley Road
Aldershot
Hampshire
GU11 1PZ

BANKERS

Nat West Bank Plc
45 Park Street
Camberley
Surrey
GU15 3XQ

AUDITORS

Deloitte LLP
London

CSC BUSINESS SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period from 31 March 2007 to 28 March 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of CSC Computer Sciences Limited and operates as part of the group's United Kingdom division.

The company's principal activities are the provision of computer consultancy, systems integration and outsourcing in the United Kingdom.

There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next period.

There was an exceptional charge in the current period of £4,523,164 (2007: £5,577,321) before tax. The charge consists of redundancy costs arising from a group restructuring programme which was completed during the period.

As shown in the company's profit and loss account on page 6 sales decreased by 7% compared to the prior period while the loss on ordinary activities before taxation decreased by 99% due to a reduction in cost of sales. The cost of sales reduction arose from decreased sales and the realignment of the sole customer contract in the period.

The retained profit after taxation for the period from 31 March 2007 to 28 March 2008 was £257,705 (2007: loss £5,629,456).

The directors do not recommend the payment of a dividend (2007 - £nil).

The balance sheet on page 7 shows that the company's position at the period end, in terms of cash and net assets compared to the prior period, is consistent with its performance in the period.

PRINCIPAL RISKS AND UNCERTAINTIES

CSC Business Systems Limited entered into a sole external customer long term contract in June 2003 for the supply of information technology services. Operating costs are anticipated to be at a higher level in the early years of the contract than over the full term and the directors are confident that long term profitability is achievable. CSC Business Systems Ltd also generates a material amount of revenue from the supply of services to other companies within the CSC group.

The CSC Computer Sciences Limited group risks are discussed in the group's annual report which does not form part of this report.

FINANCIAL RISK MANAGEMENT

The directors have considered the risks attached to the group's financial instruments which principally comprise operating debtors, operating creditors and loans to and from other group companies. The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The company had no hedged transactions during the year.

The company's credit risk is primarily attributable to trade receivables from its sole external customer. Based on the history and financial standing of the customer the directors consider there is no significant exposure.

In order to maintain liquidity the company uses short term debt finance provided by the immediate parent company.

ENVIRONMENT

The CSC Computer Sciences Limited group recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies which are described in the group's annual report which does not form part of this report.

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements.

CSC BUSINESS SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

DIRECTORS' REPORT (continued)

It is the CSC Computer Sciences Limited group's policy to give consideration to disabled people in selection for employment, training and career development opportunities, and to take action to facilitate the continuing employment of people who become disabled while on the group's payroll. This policy is applied in a manner consistent with good business practice and the group's regard for the health and safety of all employees and the community at large.

The company participates in the group policies and practices of keeping employees informed of the progress of the business and of involving them in the group's performance. During the period the employees were provided with information regarding the factors affecting the performance of the group and on other matters of concern to them as employees.

DIRECTORS AND THEIR INTERESTS

The directors who held office throughout the period and subsequently, except as noted below, are:

H D Fisk	(US citizen)	(resigned 29 March 2008)
G M Hains		
M Coombs	(resigned 15 June 2007)	
B Brady	(resigned 29 June 2007)	
P D Crouch	(appointed 4 June 2007)	
A S Mears	(appointed 29 June 2007, resigned 11 September 2007)	
H M Eales	(appointed 11 September 2007)	
M E Keane	(US citizen)	(resigned 31 January 2008)

None of the directors held any disclosable beneficial interest in any of the shares of the company or any other group companies incorporated in Great Britain during the period.

Each of the directors at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

Deloitte LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

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



P D Crouch
Director
30 January 2009

CSC BUSINESS SYSTEMS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSC BUSINESS SYSTEMS LIMITED

We have audited the financial statements of CSC Business Systems Limited for the period ended 28 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 March 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 January 2009

CSC BUSINESS SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

Period from 31 March 2007 to 28 March 2008

	Notes	Period from 31 March 2007 to 28 March 2008	Period from 1 April 2006 to 30 March 2007
		£	£
TURNOVER	1,2	185,746,299	200,500,678
Cost of sales (the current period includes an exceptional charge of £4,523,164 ; the prior period includes an exceptional charge of £5,577,321)	3,4	(178,999,561)	(203,245,907)
Gross profit/(loss)		6,746,738	(2,745,229)
Administrative expenses		(7,110,044)	(6,684,492)
Other operating income		261,590	222,945
OPERATING LOSS BEFORE INTEREST	4	(101,716)	(9,206,776)
Interest receivable and similar income		14,019	-
Interest payable and similar charges		(865)	(7)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(88,562)	(9,206,783)
Tax credit on loss on ordinary activities	6	346,267	3,577,327
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	257,705	(5,629,456)

All results are derived from continuing operations.


There were no recognised gains and losses in either period other than those shown in the profit and loss account, accordingly, a statement of total recognised gains and losses has not been presented.

CSC BUSINESS SYSTEMS LIMITED

BALANCE SHEET 28 March 2008

	Notes	28 March 2008	30 March 2007
		£	£
FIXED ASSETS			
Tangible assets	7	30,408,640	32,593,560
CURRENT ASSETS			
Stocks	8	21,162,975	25,584,299
Debtors	9	41,485,925	46,913,213
Cash at bank and in hand		35,398,410	11,103,794
		98,047,310	83,601,306
CREDITORS: amounts falling due within one year	10	(84,924,522)	(72,921,143)
NET CURRENT ASSETS		13,122,788	10,680,163
TOTAL ASSETS LESS CURRENT LIABILITIES		43,531,428	43,273,723
CREDITORS: amounts falling due after more than one year	11	(500,000)	(500,000)
TOTAL NET ASSETS		43,031,428	42,773,723
CAPITAL AND RESERVES			
Called up share capital	13	101	101
Share premium	14	26,880,900	26,880,900
Profit and loss account	14	16,150,427	15,892,722
SHAREHOLDERS' FUNDS	14	43,031,428	42,773,723

These financial statements were approved by the Board of Directors on 30 January 2009.
Signed on behalf of the Board of Directors


P D Crouch
Director

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and, in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout the current and previous periods.

Going concern basis

The company's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, performance and position are set out under the director's report. Further the amounts due to creditors are stated under note 10 of these financial statements.

The company meets its day to day working capital requirements through a combination of intercompany loans from parent and other group companies as well as uncommitted money market facilities which are due for renewal at various different times in the future. The current economic conditions create uncertainty particularly over (a) recoverability of the outstanding debts (b) continued support from the Computer Sciences Corporation and (c) the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. However, the company as part of a group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. Further assurance has been given by the parent company that it will continue to support the operations going forward by way of intercompany funding. The company is recovering most outstanding debts from its external customer and there have been no events which have given any indication of significant recoverability issues.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents sales value net of VAT. The company's primary service offerings are information technology (I/T) outsourcing and I/T and other professional services. The company provides these services under time and materials, cost-reimbursable, unit priced and fixed price contracts. The form of the contract, rather than the type of service offering, is the primary determinant of revenue recognition. Revenues are recognized when persuasive evidence of an arrangement exists, services or products have been provided to the client, the sales price is fixed or determinable and collectability is reasonably assured.

Contract work in progress

Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon the initiation of an outsourcing contract are deferred and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes. These costs are recorded as contract work in progress on the balance sheet.

Costs incurred for bid and proposal activity prior to being selected as preferred supplier are expensed as incurred.

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

All tangible fixed assets are depreciated on a straight-line basis over the following periods:

Fixtures and fittings	Five to ten years
Computer hardware and software	Three to five years or useful life
Leasehold improvements	Shorter of lease term and ten years
Buildings	Forty years
Land	Not depreciable

Where specialist computer equipment or software is purchased for use in a contract of more than three years duration, it is depreciated over the estimated life of that contract.

Amounts recoverable on contracts

In accordance with Statement of Standard Accounting Practice No. 9, amounts recoverable on contracts are valued at anticipated net sales value after provision for contingencies and anticipated future losses on contracts.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

Pension costs

Retirement benefits to employees of the company are funded by contributions from the company and employees. The parent company CSC Computer Sciences Limited operates a pension scheme with two sections:

(i) Defined benefit section

Payments are made to independent investment managers who manage the fund.

The transfer of employee entitlements from the defined benefits section of the Royal Mail plc pension scheme to the CSC Computer Sciences Limited pension scheme was completed during the period. CSC Computer Sciences Limited pension fund deficit calculations in the previous period included an estimation of the potential impact of employee entitlements being transferred from the Royal Mail scheme.

(ii) Defined contribution section

Payments into the defined contribution section are charged to the profit and loss account as they arise. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

1. ACCOUNTING POLICIES (continued)

Cash flow statement

As a wholly owned subsidiary of Computer Sciences Corporation, whose group financial statements contain a cash flow statement, the company has taken the exemption from the requirement to produce a cash flow statement.

2. TURNOVER

Turnover represents the value of work done for both external customers and other CSC companies, exclusive of value added tax and is attributable to the company's principal activity.

In the opinion of the directors the company's activities, as described in the Directors' Report, can be regarded as a single business segment.

All turnover originates within the UK.

3. EXCEPTIONAL ITEMS

The current period exceptional item consists of redundancy costs of £4,523,164 (2007: £5,577,321). The costs were incurred as part of a two year group restructuring exercise which was completed during the period. No exceptional redundancy costs are anticipated in future periods.

4. OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period from 31 March 2007 to 28 March 2008 £	Period from 1 April 2006 to 30 March 2007 £
Operating loss is stated after charging/(crediting):		
Gain on disposal of tangible fixed assets	(270,565)	(216,015)
Depreciation of tangible fixed assets:		
Owned assets	11,043,673	8,953,331
Rentals under operating leases:		
Hire of plant and machinery	15,580	37,610
Other operating leases	32,734	139,484
Foreign currency exchange loss/(gain)	8,975	(6,930)
Exceptional charge (note 3)	4,523,164	5,577,321

In the current period and prior period, auditors' remuneration for the audit of the company's financial statements is borne by another group company. The estimated attribution of auditors' remuneration to the company is £50,000 (2007 - £50,000).

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration is borne by the shareholders.

	Period from 31 March 2007 to 28 March 2008 No.	Period from 1 April 2006 to 30 March 2007 No.
Average number of persons employed (excluding directors):	739	877
Managerial and professional	739	877
	£	£
Employee costs during the period:		
Wages and salaries	27,742,180	32,996,591
Social security costs	3,128,604	3,711,297
Pension contributions	5,383,230	6,755,376
	<u>36,254,014</u>	<u>43,463,264</u>

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	Period from 31 March 2007 to 28 March 2008 £	Period from 1 April 2006 to 30 March 2007 £
<i>Current tax</i>		
UK corporation tax at 30%	4,206	(4,758,747)
Adjustment in respect of prior years	3,226,479	(120,057)
Total current tax charge/(credit)	<u>3,230,685</u>	<u>(4,878,804)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(794,114)	1,429,468
Adjustment in respect of prior years	(3,241,118)	(127,991)
Effect of rate change on deferred taxation	458,280	-
Total deferred tax (credit)/charge	<u>(3,576,952)</u>	<u>1,301,477</u>
Tax credit on loss on ordinary activities	<u>(346,267)</u>	<u>(3,577,327)</u>

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES (continued)

Reconciliation to total current tax charge/(credit):

	Period from 31 March 2007 to 28 March 2008 £	Period from 1 April 2006 to 30 March 2007 £
Loss on ordinary activities before taxation	(88,562)	(9,206,783)
Tax credit at 30%	(26,569)	(2,762,035)
Other timing differences	(73,526)	(31,143)
Capital allowances in excess of depreciation	2,157,133	(1,398,324)
Prior period adjustments	3,226,479	(120,057)
Non-deductible expenditure	(763,450)	(567,245)
Utilisation of losses	(1,289,382)	-
Total current tax charge/(credit)	<u>3,230,685</u>	<u>(4,878,804)</u>

7. TANGIBLE ASSETS

	Land, buildings and building improve- ments £	Leasehold improve- ments £	Furniture and fittings £	Computer and related equipment £	Total £
Cost					
At 31 March 2007	9,568,621	553,109	892,697	48,099,398	59,113,825
Additions	30,101	-	5,627	10,233,143	10,268,871
Transfers	-	45,672	-	(45,672)	-
Disposals	-	-	-	(4,307,724)	(4,307,724)
At 28 March 2008	<u>9,598,722</u>	<u>598,781</u>	<u>898,324</u>	<u>53,979,145</u>	<u>65,074,972</u>
Accumulated depreciation					
At 31 March 2007	1,220,032	92,363	407,517	24,800,353	26,520,265
Transfers	-	5,236	-	(5,236)	-
Charge for the period	396,683	57,008	155,296	10,434,686	11,043,673
Disposals	-	-	-	(2,897,606)	(2,897,606)
At 28 March 2008	<u>1,616,715</u>	<u>154,607</u>	<u>562,813</u>	<u>32,332,197</u>	<u>34,666,332</u>
Net book value					
At 28 March 2008	<u>7,982,007</u>	<u>444,174</u>	<u>335,511</u>	<u>21,646,948</u>	<u>30,408,640</u>
At 30 March 2007	<u>8,348,589</u>	<u>460,746</u>	<u>485,180</u>	<u>23,299,045</u>	<u>32,593,560</u>

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

8. STOCKS

	28 March 2008 £	30 March 2007 £
Contract work in progress	<u>21,162,975</u>	<u>25,584,299</u>

9. DEBTORS

	28 March 2008 £	30 March 2007 £
Trade debtors	15,877,857	19,133,060
Amounts recoverable on long term contracts	5,546,028	5,083,536
Amounts owed by parent and fellow subsidiary undertakings	3,848,202	5,305,781
Group relief receivable	-	4,758,747
Prepayments and accrued income	9,797,922	9,781,579
Other debtors	-	11,546
Deferred tax asset (note 12)	6,415,916	2,838,964
	<u>41,485,925</u>	<u>46,913,213</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 March 2008 £	30 March 2007 £
Bank loans and overdrafts	2,491	4,025
Trade creditors	7,453,568	15,676,181
Amounts owed to parent and fellow subsidiary undertakings	35,897,870	22,034,616
Corporation tax payable	4,206	-
Taxation and social security	3,889,315	2,010,361
Accruals and deferred income	37,632,099	32,669,242
Other creditors	44,973	526,718
	<u>84,924,522</u>	<u>72,921,143</u>

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 31 March 2007 to 28 March 2008

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	28 March 2008 £	30 March 2007 £
Other creditors	<u>500,000</u>	<u>500,000</u>

12. DEFERRED TAX ASSET

	Provided 2008 £	Unprovided 2008 £	Provided 2007 £	Unprovided 2007 £
Capital allowances in excess of depreciation	2,209,257	-	2,680,859	-
Short term timing differences	78,940	-	158,105	-
Losses	<u>4,127,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,415,916</u>	<u>-</u>	<u>2,838,964</u>	<u>-</u>

The deferred tax asset is recognised within debtors (note 9).

It is anticipated that the company will generate sufficient taxable profits in the future to be able to utilise the deferred tax asset.

Movement in the period:

	£
At 31 March 2007	2,838,964
Amount credited to profit and loss account	<u>3,576,952</u>
At 28 March 2008	<u>6,415,916</u>

13. CALLED UP SHARE CAPITAL

	28 March 2008 £	30 March 2007 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
101 ordinary shares of £1 each	<u>101</u>	<u>101</u>

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period from 30 March 2007 to 28 March 2008

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total £
At 31 March 2007	101	26,880,900	15,892,722	42,773,723
Retained profit for the period	-	-	257,705	257,705
At 28 March 2008	101	26,880,900	16,150,427	43,031,428

15. PENSION SCHEMES

The parent company, CSC Computer Sciences Limited, operates a pension scheme for certain employees in which the company's employees now participate. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to regular valuation by independent actuaries. The last valuation was carried out on 1 July 2006, updated to 28 March 2008, using the projected unit method, in which the following actuarial assumptions were made:

Investment returns	pre retirement	6.6% per annum
	post retirement	5.2% per annum
Salary growth		4.3% per annum

At the last actuarial valuation date, the market value of the assets of the defined benefit section of the scheme was stated to be £718,931,000 and this was sufficient to cover 99% of the benefits which had accrued to members of the defined benefit section, after allowing for expected future increases in salaries. The fund deficit of £6,583,000 (2007: deficit £85,719,000) is to be funded by a schedule of Employer contributions as set out in the Appendix to the CSC Computer Sciences Ltd Pension Scheme Accounts for the year ended 30 June 2007.

Employer contributions in respect of future accrual of benefits will be at least 7.8% of pensionable salaries, payable from 1 October 2007.

The company profit and loss account includes a charge of £5,022,189 (2007: £6,753,815) which relates to pension contributions to the defined benefit section of this scheme.

In addition there is a defined contribution section of the pension scheme. The company profit and loss account includes a charge of £361,041 (2007: £1,561) relating to this section. Outstanding contributions at the period end date were £30,279 (2007: £nil).

At the end of the previous period employees of the company still held entitlements as at the date of transfer of their employment under the defined benefits section of the Royal Mail plc pension scheme. Employees had the option either to transfer the value of these entitlements to the CSC Computer Sciences Limited scheme or retain them in the Royal Mail plc scheme.

The bulk transfer payment from the Royal Mail Pension Plan (RMPP) to the CSC Computer Sciences Ltd Pension Scheme was completed on 15 August 2007. The transfer payment for the members who decided to transfer their past service benefits to the Scheme amounted to £12,870,293. This sum was net of on account payments made previously and after taking account of the timing adjustment set out in the pension agreement between CSC and Royal Mail. CSC made an advance payment on 31 December 2003 to recognise an anticipated shortfall following this transfer and the eventual shortfall reported to the Trustees was more than covered by this special contribution. The completion of this bulk transfer was reported to the Pensions Regulator.

Disclosures in relation to the Royal Mail plc pension scheme are provided in the accounts of Royal Mail plc.

CSC BUSINESS SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Period 31 March 2007 to 28 March 2008

15. PENSION SCHEMES(continued)

FRS 17 disclosures

The CSC Computer Sciences Limited group pension scheme operates across a number of CSC group companies. It is not possible to separate out the assets and liabilities of this scheme in a reasonable and consistent manner between the different group companies which contribute to them. The scheme will therefore be accounted for as a defined contribution scheme by CSC Business Systems Limited. Details of the actuarial valuations of the scheme's assets and liabilities are provided in the accounts of CSC Computer Sciences Limited. The net deficit in the CSC Computer Sciences Limited scheme at 28 March 2008 was £6,583,000 (2007: deficit £85,719,000).

Details of the actuarial valuations of the Royal Mail plc pension scheme's assets and liabilities are provided in the accounts of Royal Mail plc.

16. RELATED PARTY TRANSACTIONS

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No.8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is CSC Computer Sciences Limited, a company incorporated in Great Britain and registered in England and Wales. This is the parent undertaking of the smallest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of CSC Computer Sciences Limited are available from Royal Pavilion, Wellesley Road, Aldershot, Hampshire GU11 1PZ.

The ultimate parent company and controlling entity is Computer Sciences Corporation, a company incorporated in the United States of America. This is the parent undertaking of the largest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of Computer Sciences Corporation are available from 3170 Fairview Park Drive, Falls Church, Virginia 22042, USA.

