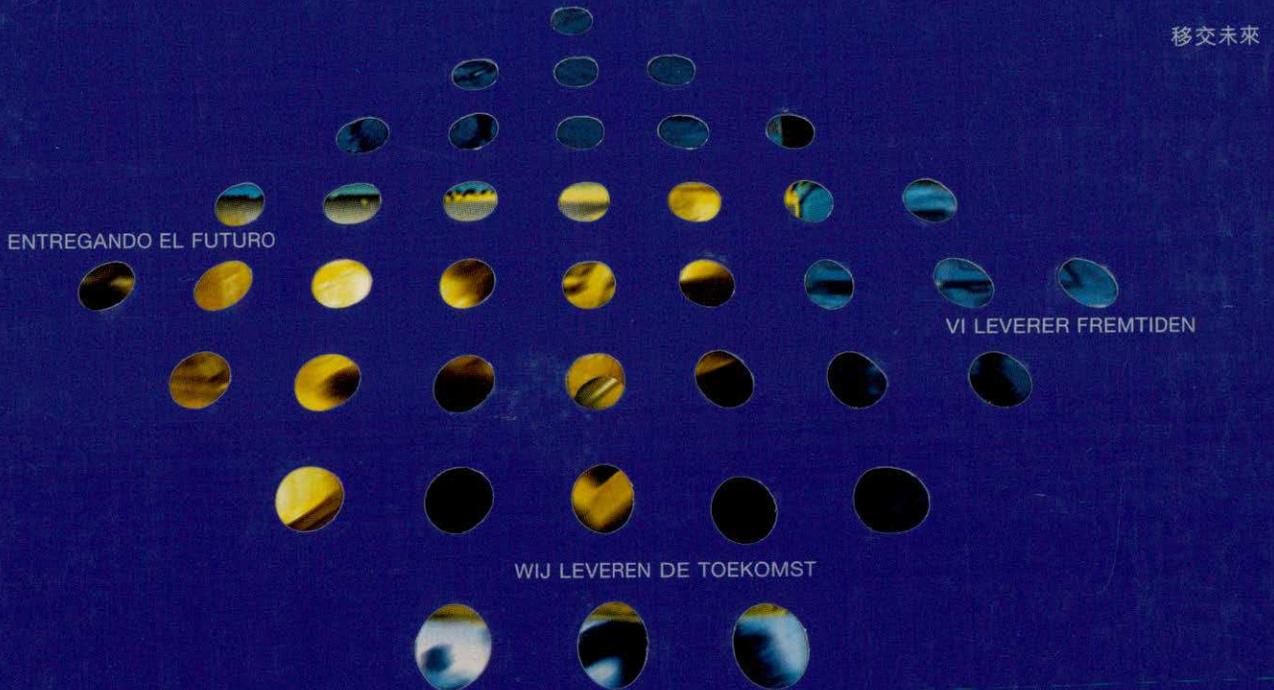


LOGICA

ANNUAL REPORT 1995



移交未來

ENTREGANDO EL FUTURO

VI LEVERER FREMTIDEN

WIJ LEVEREN DE TOEKOMST

DELIVERING THE FUTURE

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GENOMFÖR FRAMTIDEN

NOUS VOUS APPORTONS L'AVENIR

WIR GESTALTEN DIE ZUKUNFT!

未来をお届けします

PŘINÁŠÍME BUDOUCNOST

logica

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Chairman's statement

With revenue growth of 19%, a further improvement in margins to 8.1% and earnings per share up 55% to 21.7p, the past year began to produce the rewards from the changes made in management and organisation which commenced in 1993/94. When we initiated these changes, the objective was to restore the company's profitability and create an operation capable of sustainable revenue growth. The financial target that we set ourselves in 1993 (when earnings per share were 8.7p) was to achieve earnings per share in excess of 20p.

As well as meeting the financial goals and growth targets that we had set ourselves, we have further strengthened the senior management particularly in the areas of marketing and business development. As a result of the operational and management changes made in the past two years, we now have the best platform for profitable growth that we have had for many years.

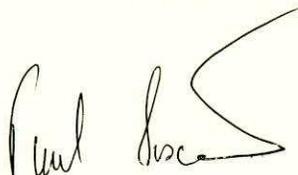
Last year, I reported that we were seeking to strengthen the board through the appointment of additional non-executive directors. We have been fortunate in securing the services of three exceptionally capable people – Frank Barlow, Elizabeth Filkin and Richard Wakeling. Two executive directors, Andrew Karney and Colin Rowland, left the board. Both of them had been with Logica for many years and had contributed substantially to the company's development.

The new appointments provide a stronger board consistent with recent trends in corporate governance. We were pleased to find that the remuneration practices of the company were essentially compliant with the proposals produced by the Greenbury Committee. We anticipate no difficulties in being able to comply with the anticipated Stock Exchange Listing Agreement in this regard when we report formally next year: you will note that our disclosure already reflects best practice.

The new appointments also provide the opportunity for some of the longer serving non-executive members of the board to retire. I shall have been with Logica a decade and Philip Hughes and Len Taylor, two founders of the company, have been involved either as executives or non-executives for over 25 years. We shall therefore retire after the Annual General Meeting. The board is delighted that Frank Barlow has accepted its invitation to succeed me as chairman.

Although we will leave Logica with regrets, we also leave our successors with a company which is exceptionally well placed. We have a strong board and management team, the company's reputation with its customers is high and its financial position is sound. The long term prospects are good.

For the current year, the board is positive about expected performance. Based on order intake achieved, we expect continuing revenue growth and a significant improvement in earnings.



Paul Bosonnet Chairman, Logica plc

REVIEW OF THE YEAR

For the year ended 30 June 1995, Logica plc reports that revenues and earnings were at record levels. Substantial profit increases in the UK and in continental Europe resulted in group profits before tax increasing 50% to £20.3m (1994 – £13.5m) on turnover up 19% at £250.1m (1994 – £210m). Earnings per share rose 55% to 21.7p (1994 – 14p). The directors are recommending a final dividend of 4.5p to give a total dividend for the year of 6.25p, an increase of 25%.

Five Year Record	1995	1994	1993	1992	1991
	£'000	£'000	£'000	£'000	£'000
Consolidated turnover *	£250,135	£209,952	£196,593	£182,908	£186,324
Profit before interest and taxation	£19,834	£13,048	£8,084	£5,658	£7,772
Interest	£476	£495	£942	£1,404	£2,317
Exceptional costs	–	–	–	–	(£6,413)
Profit on ordinary activities before tax	£20,310	£13,543	£9,026	£7,062	£3,676
Taxation on ordinary activities	(£7,160)	(£5,058)	(£3,758)	(£2,821)	(£4,643)
Profit on ordinary activities after tax	£13,150	£8,485	£5,268	£4,241	(£967)
Extraordinary items	–	–	–	–	(£4,226)
Shareholders' funds	£56,401	£48,932	£46,538	£44,149	£41,161
Earnings per share **	21.7p	14.0p	8.7p	7.0p	(1.6)p
Dividends per share (net)	6.25p	5.00p	4.00p	3.65p	3.50p
Staff numbers at year end ***	3,472	3,060	3,007	3,004	3,284

* Consolidated turnover excludes the turnover of associated undertakings

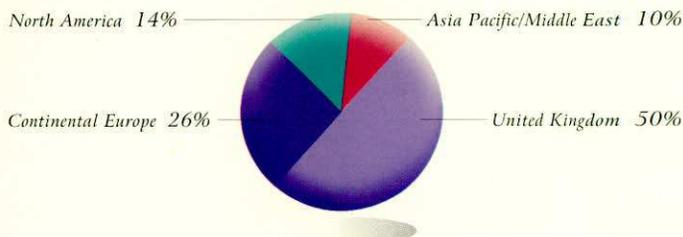
** Earnings per share excludes extraordinary items

*** Staff numbers exclude staff employed by associated undertakings

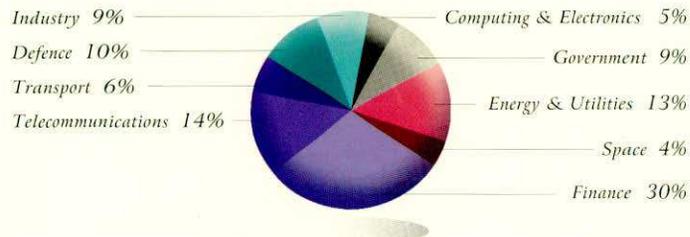
United Kingdom operations produced excellent performance with revenues growing 16% and operating profit increasing 51%. The full benefits of the reorganisation undertaken in 1993/94 and the greater focus on sales and marketing were reflected in increases in order intake, staff utilisation and improved responsiveness to the market. Market conditions were generally firm and encouraging growth was achieved in telecommunications, energy and utilities and industry; solid growth was achieved in the finance sector. In the government sector revenues declined, partly as a result of the conclusion of certain substantial contracts and partly because of procurement delays in some areas. Significant export growth of 43% was achieved, reaching £24m.

Continental Europe operating profits grew 26% on revenues up 21%. Margins were in excess of 10%. This performance was as a result of substantial investment in our sales force to generate new business and a tight focus on operational control. In the Netherlands excellent performance was achieved: late in the year we combined our Belgian operation with it, aiding a return to normal levels of profitability in Belgium. The principal growth sector in Europe was telecommunications; this covered not only traditional activity but also work in the fast growing area of telephone based customer care systems led by our Swedish operation. Government revenues fell, although we were encouraged by improved order intake in this sector later in the year. During the year, a new subsidiary was established in the Czech Republic and a new management team was installed in Germany to provide a platform for a much increased market presence there. Our Italian associated company, Logicasiel, improved performance and undertook a number of new pan-European initiatives with other Logica units.

United States operations, having returned to profitability in the second half of 1993/94, achieved profitability in both halves of 1994/95, although at levels below our plans. Revenue growth of 28% (35% in dollar terms) was achieved. In large part this resulted from the acquisition of Synercom and Precision Software in 1994. Organic growth was particularly strong in the telecommunications sector, especially in our multimedia business. We achieved better than projected results from Synercom. However, we suffered from delays in developing



Analysis by client location



Analysis by market sector

the Precision Software business and, while progress was made in the second half, we do not expect to achieve the levels of profit projected at the time of acquisition, although the purchase price will be significantly lower. Towards the end of the year we undertook a degree of restructuring in the US to sharpen the operational focus of the business: the costs of these actions were absorbed within the US results for the second half. To further strengthen the business, the Logica plc executive responsible for the USA relocated to Lexington.

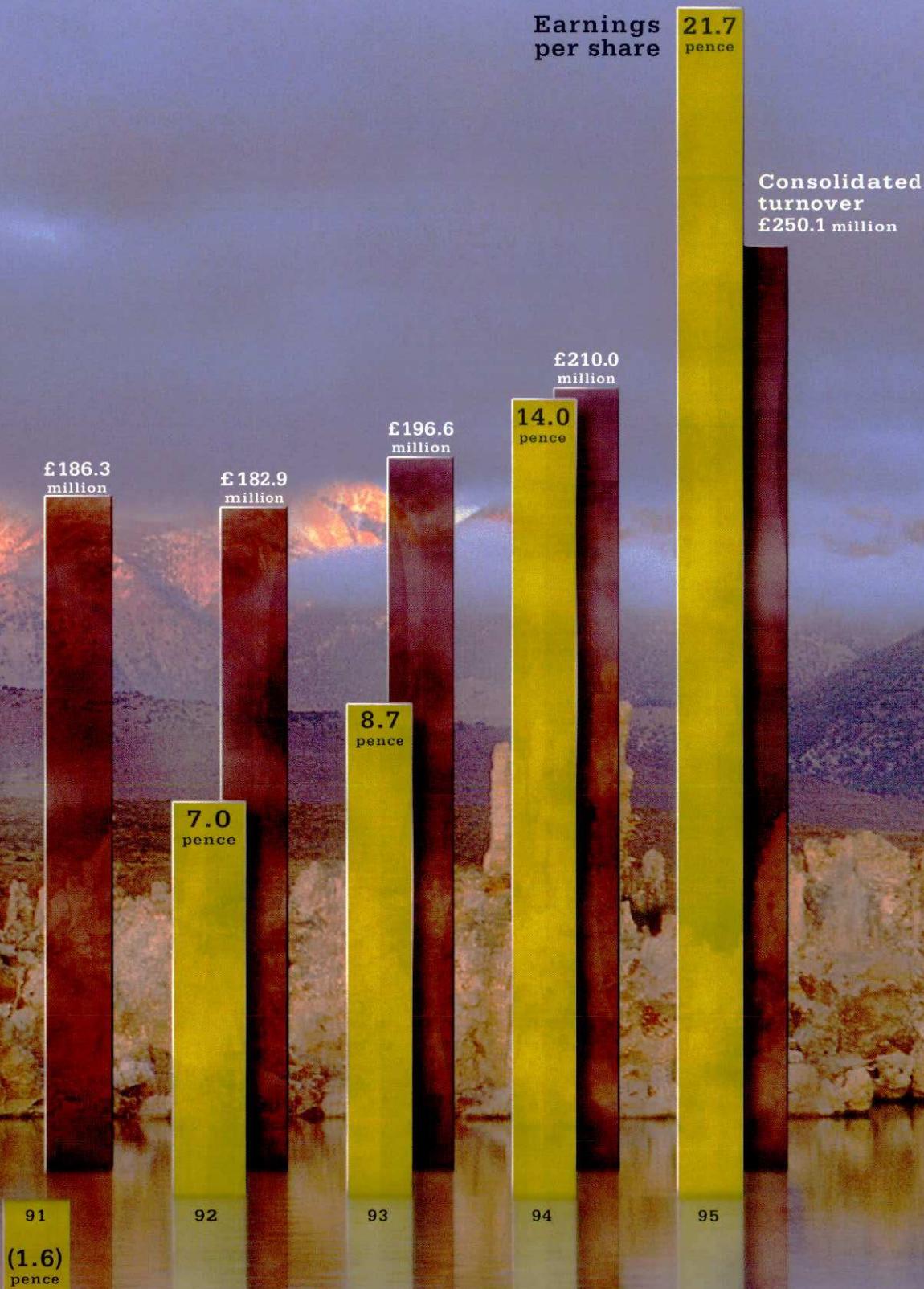
Asia Pacific and Middle East region, where we established a separate operating unit based in Dubai and Saudi Arabia to capitalise on the growth opportunities in the Gulf area, increased its revenues 22% largely as a result of this new activity which achieved profitability in its first year. We also established a subsidiary in New Zealand to support our business development in that country. The region has been a particular beneficiary of the policy of concentration on key international strengths across the group, particularly in the finance sector.

Staff numbers in the wholly owned subsidiaries in the group rose 13%; including our associated companies, total staff numbers reached over 3,800. This growth resulted from a combination of recruitment of experienced staff, with a particular emphasis on sales and marketing, and further graduate recruitment. Intensive efforts took place during the year to establish and secure overall commitment to 'The Logica Way' which is our performance based approach to the management and development of our staff and their careers. This has been very positively received by staff throughout the company.

This approach is a long term commitment to the better management of people, our most vital asset who, during a year of further significant change, have risen to meet the challenges of growth across the group with the enthusiastic professionalism which is their hallmark. In support of the continuing desire of the company to increase the involvement of members of staff in the business of the company, proposals for replacement Sharesave and equivalent schemes open to most employees are to be made at an Extraordinary General Meeting of the company to be held on 8 November 1995.

Finance requirements to support the growth of the business, and the acquisition of Synercom at a cost of £2.6m, were accommodated from existing cash resources. At year end, net cash balances were £1.7m higher than in June 1994. Interest income was unchanged from the previous year with little change in average cash balances and interest rates. The tax rate improved from 37.3% to 35.3% largely due to the utilisation of tax losses. Although the group has substantial net cash balances, adequate bank facilities are maintained both to provide liquidity and to enable the group to provide the necessary bonds and guarantees to customers and to carry out necessary foreign exchange transactions. The group operates a conservative foreign exchange and interest rate management philosophy, generally hedging only firm transaction exposures or purchasing options to cover potential risks. Over the medium term it is the general policy of the group to maintain a conservative balance sheet and borrowing position to underpin the operations of the business.

Over the last few years, the relative amounts of the interim and final dividends have become disproportionate. The board therefore expects to change the balance with the 1995/96 interim dividend: had this policy been in force in 1994/95 the interim and final dividends would have been 2.5p and 3.75p.



CHIEF EXECUTIVE'S REVIEW

A year of growth – The underlying theme of the past year at Logica has been one of growth. We have delivered growth in earnings per share, growth in revenues and growth in the skills and capabilities of our staff. Over the year, the increasingly global nature of our clients' businesses has created scope for Logica to work on a growing range of projects in new territories and technologies.

Logica's ability to adapt to, and benefit from, the growth and evolution of the IT industry is the result of a combination of traditional strengths and new initiatives which we have put in place over the last two years to deliver even better value to our customers and shareholders.

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Range of services – Over the past year, our reputation for technical excellence and the highest professional standards has proved increasingly attractive to an ever-expanding range of blue chip clients. Our customers demand specialised skills. More importantly, they seek a supplier who understands the business issues which confront them and who can work in partnership to solve these problems and seize new opportunities as they arise.

Logica has an enviable track record in project management and we have always worked at the leading edge of technology. Over the past year, we have embarked on some of the most challenging projects in our industry – advising global banks on how to improve risk management, developing customer service systems for global telecommunications companies and helping organisations across a range of market sectors to take advantage of rapidly developing multimedia technology. We have installed products which improve safety and efficiency in the oil and gas industry, worked as members of consortia on multi-million pound developments for the defence industry, developed complex and innovative global systems for manufacturing companies and supported government departments through profound and far-reaching programmes of organisational change.

Over the year, we have strengthened our consulting capability in fields such as banking and telecommunications, management and IT strategy. Logica's consultants bring the weight of our 26 years' experience in implementation to bear on complex business issues, backed by an ongoing investment in training, methods and technology. Clients see Logica as a reliable partner to take responsibility for the business-critical aspects of assessing, developing, maintaining and supporting strategic IT systems. In return, they reap the long term benefits of cost savings, improved efficiency, a tightly focused business approach and the innovative evolution of future systems. Our strengths as the consultants who implement, and who can provide the applications management support, enable Logica to deliver an all-embracing service to meet our customers' IT needs.

An expanding product portfolio has enabled us to deliver highly reliable systems more swiftly and at a lower cost anywhere in the world, taking advantage of existing development effort and experience. Such moves towards repeatability and increased efficiency underline our strong commitment to continued customer satisfaction and improved shareholder value.

International infrastructure – Logica's clients are increasingly global, both in terms of the markets in which they operate and the customers which they themselves serve. The past year has seen important geographical expansion for Logica, with a newly established subsidiary in the Czech Republic, contracts won in Russia and some significant projects for our newly extended Middle East operations. We have expanded our operations in Germany to support new and existing local and international clients. Our presence in the Asia Pacific region represents an important platform from which to exploit some rapidly developing business opportunities in countries such as Vietnam, where we are currently installing a retail banking system network. Our new subsidiary in New Zealand has already started to win business in banking and finance.



CHIEF EXECUTIVE'S REVIEW

Relationships with global clients such as Ford and Reuters will continue to prove a vital element in Logica's overall plans for growth and expansion. Delivering the skills and resources our customers need requires a special combination of business understanding, empathy with the clients' goals, local market knowledge and technical capabilities. Our project managers can draw on the resources of close to 4,000 highly trained staff, supporting clients anywhere in the world with the right skills, in the right place, at the right time.

Staff calibre and skills transfer – Global expansion for Logica has meant increased career opportunities for our staff. Over the past year, an extensive internal programme has been rolled out, which reaffirms the company's commitment to career development – the opportunities and challenges to acquire new skills, work in new territories and achieve personal career objectives.

We have always maintained a strong programme of graduate recruitment, and this year's figure of nearly 300 new graduates was our highest ever. It demonstrates our commitment to the future growth of the company, to the career progression of all our staff at all levels and to the nurturing of tomorrow's talent.

Last year, we identified Logica's need for a stronger focus on sales and marketing to realise our potential for growth and expansion. Since then we have significantly strengthened our sales teams around the world with the appointment of new staff who bring extensive business development understanding and expertise in sales and marketing to our operations. Together with other internal changes we have made to bring the key talents of our staff to the fore, we are now well positioned to move our growth plans forward.

Growth through excellence – The strong organic growth we have experienced this year has stemmed largely from our existing operations and service offerings. Having firmly established the roots for future success and profitability around the world, we are now able to consider attractive and profitable opportunities for expansion into new markets which will complement our organic growth. Our strategy will enable us to enhance our product portfolio, and strengthen and expand our presence in key geographical markets.

While the pressures of the maturing software industry have taken their toll on others around us, Logica has been able to demonstrate continued growth and exciting future prospects. In the past year, we continued to strengthen the focus on our bottom line and brought improved discipline to processes and practices. We have implemented new strategies to respond more swiftly to client demands, and we have mobilised our services so our skills can be called upon anywhere in the world. The positive verdicts of industry commentators have reinforced our own view that the changes we have made over the last two years are positioning us well to achieve our future goals. These changes, and the commitment of our management team to meeting the demanding long term objectives we have set ourselves, will ensure that we continue to be a strong, reliable and successful partner for clients and shareholders around the world in the years to come.



Dr Martin Read Managing director and chief executive, Logica plc

SERVICE TO CLIENTS

Logica's business is about harnessing technology to meet business needs. To achieve this, clients need a partner who can understand the possibilities and the limitations of technology at every stage of the business lifecycle. Whatever the requirements, from start-up organisations developing a complete IT strategy from scratch, to mature legacy systems requiring integration or evolution, Logica has the skills to match. We provide consultancy expertise, backed up by the in-depth implementation capability needed to carry through our advice into the installation and subsequent support phases of a project.

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During the year, we have completed projects which cover this entire spectrum of activities. Our consultants have advised newly formed organisations such as multimedia service providers, new telecommunications players and emerging central European companies on how their business goals can be achieved with the help of new IT systems. We have integrated or replaced legacy systems and improved long term efficiency of well-established national and international concerns. Applications management has become a key focus area for many companies, and we are managing helpdesks and support teams for government, defence, industrial and financial organisations. Products are an important element in our portfolio of services, enabling us to deliver proven and well-supported technology solutions more quickly and at a lower cost around the world.

We have worked alongside private and public sector organisations during radical and extensive organisational change programmes as they prepare to face increased competitive pressure. At the same time, many companies are experiencing a huge increase in demand for their services and this, in its own right, presents a challenging and complex environment within which to work. More than ever before, IT is regarded by organisations as pivotal to their future business success as well as an everyday part of the working environment. The case studies which follow give a flavour of the range of services Logica offers its clients as they confront the complex organisational and strategic challenges facing their business.

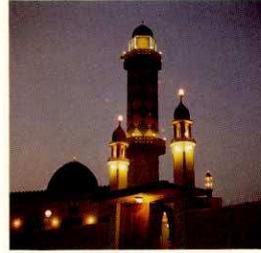
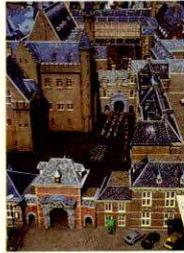
<p>CLIENT Illinois Power</p>	<p>DESCRIPTION Logica continues its work as a leader in the area of work management in the utilities sector with a number of successful installations of WMIS (work management information system), the open systems client/server software developed by Synercom Software Inc prior to the company's acquisition by Logica in 1994. Logica has worked closely with Illinois Power to implement the utilities industry's first integrated work management and automated mapping and facilities management system. The implementation, known as the area resource management (ARM) system, involved standardising all work management associated operations at Illinois Power to provide a totally integrated application environment, offering capabilities for increased productivity, improved customer service and reduced operating costs. Following a successful pilot implementation, Illinois Power estimated that it would recoup its costs in less than four years, and took the decision to move ahead with full system roll-out. WMIS has been installed in electricity, gas and water utilities in the UK, the USA and Canada.</p>
<p>MARKET SECTOR Energy & utilities</p>	
<p>LOCATION USA</p>	
<p>CLIENT SERVICE Development of the industry's first integrated work management system to improve efficiency and reduce operating costs</p>	<p>CLIENT VIEW "We needed to manage our work flow process more effectively. WMIS enables us to provide our people with the accurate information needed to perform everyday tasks, and provides feedback on the effectiveness of construction and maintenance activities in meeting customer and corporate objectives. Benefits are already being realised for the ARM system. According to our estimates, ARM will be implemented a year ahead of our original schedule and ten per cent under budget." Paul Zimmer, director of area resource management, Illinois Power</p>



SERVICE TO CLIENTS

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<p>CLIENT Dutch PTT</p>	<p>DESCRIPTION</p> <p>On 10 October 1995, PTT Telecom in the Netherlands introduced a new numbering system for the Dutch national telephone network: six million telephone numbers became ten-figure numbers, expanding the capacity of the national telephone network from eight million to one hundred million numbers. Logica participated in several aspects of the co-ordination, implementation and integration within this project. As part of the development, the Netherlands also had to comply with agreements within the European Union to attune and standardise its telecommunications infrastructure, such as a standard European emergency number and the same international access codes. Few projects have been so complex: all 570 telephone exchanges needed re-programming, as well as most of the hundreds of application systems. As a result, the timescales were tight and, given the far-reaching effects across the country, there was no contingency for delays. The project to produce the new numbering system, known as DeciBel, took off in January 1994 under the responsibility of the network services department at PTT Telecom. Together with the PTT, Logica devised conversion and introduction strategies and supervised aspects of the implementation of the work, as well as acting as advisors and co-ordinators throughout the project. A major consideration was that all work had to be carried out without interruption to customers or the business processes of PTT Telecom.</p>
<p>MARKET SECTOR Telecommunications</p>	
<p>LOCATION Netherlands</p>	
<p>CLIENT SERVICE Co-ordination, implementation and integration of a nationwide programme</p>	
<p>CLIENT United Arab Emirates Central Bank</p>	<p>DESCRIPTION</p> <p>Logica is providing systems integration services to deliver the national automated teller machine/point of sale (ATM/POS) switch for the United Arab Emirates (UAE) Central Bank. The switch will enable customers of all participating banks to use POS or ATM in the UAE, making the bank one of the world's most advanced in the use of open systems central switch technology, and creating one of the world's largest national switches. The switch has the participation of 27 banks in the UAE, including all the major domestic and foreign banks. Logica has built up a strong track record in the provision of ATM/POS in the Middle East with nine major sales to Middle East banks in the last 12 months. The Central Bank contract confirms Logica's position as the largest financial software provider in the region and a world leader in the provision of payments/switching systems.</p>
<p>MARKET SECTOR Finance</p>	
<p>LOCATION United Arab Emirates</p>	
<p>CLIENT SERVICE Automated teller machine/point of sale facilities for customers throughout the United Arab Emirates</p>	
	<p>CLIENT VIEW</p> <p>"We selected Logica because of its local support presence and its worldwide reputation for designing and delivering complex switching systems on time and to budget. We are looking forward to working with Logica towards the successful completion of this high profile project." Bob Thomson, head of IT, UAE Central Bank.</p>



<p>CLIENT HM Customs & Excise</p>	<p>DESCRIPTION</p> <p>In April 1995, the in-house information technology and services team of HM Customs & Excise won a £100 million contract to provide its employer with systems development and service delivery. The five year agreement will result in reduced cost for taxpayers through greater efficiency and improved services to departmental users throughout the UK. Logica strengthened the in-house bid team through its existing partnership contract with HM Customs & Excise, providing technical consultancy services on productivity measurement and improvement, strategic marketing, sales support and contract negotiation. Logica's consultants were also actively involved in effecting the organisational changes required in order for the in-house team to win the contract. HM Customs & Excise initiated the tender for systems development and delivery aspects of the department's information services in response to the UK government white paper 'Competing for Quality', part of the department's market testing programme for 1994. The contract demonstrates how the public and private sectors working closely together can introduce new working practices and technologies which improve efficiency and enhance customer service.</p>
<p>MARKET SECTOR Government</p>	
<p>LOCATION UK</p>	
<p>CLIENT SERVICE Support to the HM Customs & Excise in-house information technology and services team in order to win a £100 million contract</p>	<p>CLIENT VIEW</p> <p>"Logica were able to provide us with comprehensive support and guidance on the commercial and technical aspects of developing a winning proposal. Without their continued enthusiastic and professional support we would not have won." Nigel Green, bid manager, information technology division, systems development, HM Customs & Excise.</p>

<p>CLIENT Southern New England Telephone (SNET)</p>	<p>DESCRIPTION</p> <p>SNET Diversified Group, an affiliate of Southern New England Telephone (SNET), has awarded Logica a systems integration agreement for SNET's forthcoming interactive television (ITV) system. Logica will manage the integration of the new system, planned to be one of the first ITV systems developed in the US, which will initially include an innovative, consumer oriented video-on-demand service, with the potential for home shopping and banking services in the future. Logica's approach is designed to create environments that more accurately reflect the 'real world' experience of consumers. Logica will also provide the overall project management of a joint SNET/Logica team performing vendor management, applications software development, systems integration and testing.</p>
<p>MARKET SECTOR Telecommunications</p>	
<p>LOCATION USA</p>	
<p>CLIENT SERVICE Participation in creative design services for video-on-demand navigator, plus overall technical systems integration and facilities management</p>	<p>CLIENT VIEW</p> <p>"This is an exciting time for the industry generally and we believe that it is this kind of development which will help us to stay at the cutting edge of the business." George Contopoulos, vice president of operations for SNET Multi-Media Services.</p>

INTERNATIONAL INFRASTRUCTURE

Since its early years, Logica has earned around 50 per cent of its revenues outside the UK and our clients and our business have an increasingly global outlook. Banks and financial institutions, oil companies and industrial organisations are all international concerns. The deregulation of the telecommunications industry and the privatisation of many utilities operations have created the need for organisations to compete outside national boundaries. Through our close relationships with international clients, our expanding office network and the services we provide, Logica has been able to expand its operations into a wider geographic spectrum than ever before.

Sales of products, developed in-house or by third parties, have taken us into new territories, while software and technologies developed for telecommunications operators and broadcasting companies have been replicated across Europe. Global organisations such as Reuters and Ford continue to seek our help in achieving their corporate objectives.

To underline our commitment to the rapidly emerging central and eastern European market, a dedicated Czech Republic subsidiary was officially opened in Prague in April 1995. Many exciting opportunities exist in areas of traditional Logica strength, with local companies looking set to take advantage of the latest technology as they develop their business. Our New Zealand office, which opened last year in Wellington, is initially focused on four market sectors: banking and finance, energy and utilities, telecommunications and government, with major successes already secured in the banking sector. Our work in Saudi Arabia goes from strength to strength, and regional headquarters have also been established in the United Arab Emirates to act as a springboard for business development in the Gulf.

Our network of offices ensures that we can meet future client demands across the globe. We are not limited by geographical boundaries, and the case studies which follow outline some of the contracts we have won and the global organisations we are partnering to ensure that the future continues to have an international outlook.

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<p>CLIENT Irish Real Time Inter-Bank Settlement Company</p>	<p>DESCRIPTION Logica, in partnership with S.W.I.F.T., the Society for Worldwide Interbank Financial Telecommunication, is creating a national high-value payments system in the Republic of Ireland, the Irish real time inter-bank settlement system (IRIS). Due to go live in late 1996, the system will facilitate the Irish banking community's fuller participation in European Monetary Union (EMU). Logica's selection came as a result of the company's extensive expertise in the design and development of high-value payment systems. Logica also acted as consultants to the Irish banking community during the specification stages of the project. IRIS will be among the most modern high-value payment systems in the EU and is expected to be a model for similar developments in other countries. It will place Ireland at the forefront of efforts to eliminate settlement risk from high-value payments. Irish banks and building societies and the Central Bank of Ireland have collaborated closely on the IRIS project and a new organisation, the Irish Real Time Inter-Bank Settlement Company, will be responsible for the development and financing of the system. Logica and S.W.I.F.T. have a co-operation agreement to provide high-value payments systems solutions worldwide.</p>
<p>MARKET SECTOR Finance</p>	
<p>LOCATION Republic of Ireland</p>	
<p>INTERNATIONALISM Facilitating the Irish banking community's fuller participation in European Monetary Union and eliminating settlement risk</p>	

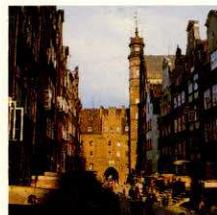


INTERNATIONAL INFRASTRUCTURE

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<p>CLIENT DHL</p>	<p>DESCRIPTION DHL Worldwide Express is the world's leading international express distribution company, delivering business documents and parcels to 222 countries across the globe. To increase its sales in Europe and Africa by turning more customer calls into sales opportunities, DHL commissioned Logica to develop an enhanced customer service system which will enable call centre agents to access more information and speed up response rates to telephone queries. The first phase of the customer services system, a workflow automation of customer enquiry handling, has now gone live in DHL's large UK service centre. When fully implemented, the system will enable all DHL's Europe and Africa region service centres to access common customer data and will be integrated with all DHL's existing systems. Future evolution will be achieved easily and cost-effectively, as the system has been developed using the latest fourth generation tools, selected for DHL's new strategic technical architecture.</p>
<p>MARKET SECTOR Transport</p>	
<p>LOCATION Belgium and UK</p>	
<p>INTERNATIONALISM Development of enhanced customer service system to increase Europe-wide sales</p>	<p>CLIENT VIEW "Our new system, being built by Logica, will improve efficiency within DHL's call centres by enabling our agents to handle more calls, access more information and offer customers a wider range of services. Moving closer to our customers and continually improving services is vital to maintain DHL's competitive advantage." David Cunningham, project manager, Customer Business Process Area, DHL.</p>

<p>CLIENT Koeneman Capital Management Pte Limited</p>	<p>DESCRIPTION Koeneman Capital Management (KCM) is a leading international investment management company based in Singapore, managing approximately \$1 billion of assets. Its clients are institutional investors from Singapore, Australia, Europe and North America, for whom KCM manages investments around the world. KCM believes "superior information management drives superior investment performance" and in 1994 developed a blueprint for a fully integrated operation. When implemented, this new way of working will further improve decision making and operational efficiency, and will dramatically reduce the manual effort and time taken for back office activities such as trade processing and reconciliations. Following an extensive search for suitable systems and suppliers, KCM selected Logica and the Global Investment Manager (GIM II) software to be the core portfolio management system around which its full plans will be built. This provides automated multi-currency portfolio processing which saves management and clerical effort, improves responsiveness to clients and puts valuable information at the fingertips of whoever needs it. These capabilities are particularly enhanced with the flexibility of a UNIX platform and an industry standard relational database, which means that even with the changing business needs and trading volumes, KCM will not need to change its system.</p>
<p>MARKET SECTOR Finance</p>	
<p>LOCATION Singapore</p>	
<p>INTERNATIONALISM Implementation of global investment management capabilities</p>	<p>CLIENT VIEW "In GIM II and Logica we found our best chance for implementing our blueprint. At this stage of the implementation, we are very pleased with the power and the flexibility of the software and Logica's capabilities to help us implement and customise our system. We are confident that we will achieve the expected improvements and that its flexibility and openness will allow our blueprint to support our business for the next five years." Vance Duigan, director, operations and business, Koeneman Capital Management.</p>



<p>CLIENT CYTA, Cyprus telecommunications authority</p>	<p>DESCRIPTION Logica was commissioned by CYTA to develop a billing system for the GSM phone service in Cyprus. The system is based on Logica's FROST kernel (front office support for telecommunications), which handles all administration and billing, from customer accounts management and work order processing to itemised billing. It was installed in only three months, drawing on expertise developed on a similar Logica application for another independent island – Jersey. FROST GSM was developed jointly by Logica and the States of Jersey Telecommunications Board, which uses FROST to support its customer administration and billing for mobile and fixed-wire telecommunication services. The Cyprus system has been customised to meet local needs, utilising the existing office infrastructure of CYTA and supporting the Greek language. It enables CYTA to provide a GSM service directly from front office locations in Nicosia, Limassol, Larnaca, Paphos and Paralimni, offering immediate activation of new subscribers while updating the home location register. Logica is also developing customer handling and billing systems for telecommunications companies in Australia, Malaysia and the Middle East.</p> <p>CLIENT VIEW "Logica was able to install FROST GSM in compliance with the very tight schedule we had and at a reasonable price for a country of our size. Since the launch of our GSM service, which supplements the existing NMT 900 service, demand has been far greater than we could have imagined." Eleftherios Koudounas, CYTA co-ordinator for the introduction of GSM.</p>
<p>MARKET SECTOR Telecommunications</p>	
<p>LOCATION Cyprus</p>	
<p>INTERNATIONALISM Export of UK software development expertise to Cyprus</p>	

<p>CLIENT Bank Gdański</p>	<p>DESCRIPTION Bank Gdański is one of nine major banks in Poland, and the only one with an on-line automated teller machine (ATM) network. Although currently state-owned, the bank is in the process of privatisation and consequently is enhancing and extending its services in the newly competitive financial marketplace. Logica is providing consultancy and product support for the bank's ON/2 installation, the retail transaction product marketed and installed by Logica worldwide. One of the bank's major business objectives is to extend its own ATM network and also to link with Polcard, the national organisation which authorises and processes point of sale transactions for credit cards. A link is also being investigated with Eurocard/Mastercard and VISA. As Bank Gdański seeks to improve its customer service and so maintain its competitive edge, it will take advantage of the latest developments such as satellite links as opposed to traditional X.25 networks, drawing on Logica's worldwide expertise in the finance and telecommunications sectors.</p> <p>CLIENT VIEW "Up to now Bank Gdański SA has not had much experience of co-operating with Logica. However, I believe that the bank, with Logica as a partner, will very quickly achieve its target of providing retail customers with the best service." Bogusława Mikucka-Wituszyńska, senior manager, cards & ATMs department, Bank Gdański SA.</p>
<p>MARKET SECTOR Finance</p>	
<p>LOCATION Poland</p>	
<p>INTERNATIONALISM Product support and consultancy to help rapidly developing Polish national bank introduce new world class services</p>	

STAFF AND SKILLS

In line with the increased globalisation of our business, the international mobility of our staff has increased by more than 60 per cent over the past year. There are more opportunities than ever before for people to carve out a challenging and varied career path at Logica. For our clients, this increase in skills and staff transfer between our operations has led to the important 'seeding' of key technologies into new areas. Clients can be confident that, whatever specialist skills are needed wherever in the world, we can provide them.

To ensure that these benefits are felt fully by our staff and our clients, we have refined our internal processes to make it easier to transfer our skills and capabilities around the world efficiently. A new career structure has been put in place which provides a consistent framework against which staff can track the international experience and training needed to progress. We have undertaken to reward initiative, talent and entrepreneurial spirit. Increased expenditure on training programmes encompassing both technical and commercial skills is also ensuring that we continue to invest in the future of the company and its people.

During the year, we have transferred staff and skills between numerous projects across many countries such as just-in-time manufacturing and logistics expertise for industrial clients, telecommunications experience across Europe and multimedia skills between the US, the UK and Australia. In some cases this has involved transporting technical experts and key business developers to new territories to take advantage of important new opportunities. Our staff have received awards, certificates and praise for their teamwork and technical skills from many clients. Below are some tangible examples of how this increased mobility is helping our clients, and their comments on the advantages such an approach can achieve.

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<p>CLIENT Reuters</p>	<p>DESCRIPTION</p> <p>In an increasingly competitive trading environment, Reuters is working to ensure that its information products, while offering unrivalled levels of functionality, are simple to understand, quick to learn and easy to use. To achieve this, the company has assembled a 'virtual team' of experts from 12 companies around the world with specialist skills in ergonomics, psychology, screen design, training and software prototyping. Logica specialists have helped develop a user interface design manual and standards to ensure a common look and feel across product ranges. Logica staff also assist with usability training and evaluation. Reuters is a dedicated global account within Logica, and projects are underway for the company's operations in the UK, Australia, Japan, the USA and across continental, central and eastern Europe.</p>
<p>MARKET SECTOR Media</p>	
<p>LOCATION Worldwide</p>	
<p>STAFF AND SKILLS Participation in a multi-disciplinary global team, bringing specialised user interface skills</p>	<p>CLIENT VIEW</p> <p>"Logica is a key component in the success of the group, due to the company's high concentration of skills and competencies in user interface design and ergonomics. We've been able to tap in to the specialist skills available at Logica's Cambridge technology centre which we know will be backed up by sound discipline, project management responsibility and a broad band of experience. A synergy exists between the culture of our organisations, and we share similar standards of professionalism." Greg Garrison, head of The Usability Group, Reuters.</p>

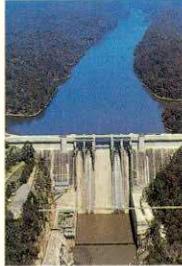


STAFF AND SKILLS

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<p>CLIENT Sydney Water Corporation Limited</p>	<p>DESCRIPTION</p> <p>To serve the four million people in and around Sydney, the Sydney Water Corporation commissioned Logica to deliver a control and monitoring system known as IICATS (integrated instrumentation control, automation and telemetry system). Logica is responsible for the design, development, installation and systems integration and commissioning of the system which was put into initial operation in February 1995. When fully operational in 1996, following further development, it will be one of the most advanced water management SCADA (supervisory control and data acquisition) systems in the world. It will enable Sydney Water Corporation to manage assets such as reservoirs, water mains and pumping stations more effectively, so reducing operating costs. Sophisticated facilities for configuration and automated control allow Sydney Water Corporation to optimise resource and energy usage while meeting the corporation's customer contract. The system is based on the latest generation of products from Logica's MASTER CONTROL series, derived from successful developments for major UK water companies. The development has seen transfer of skills and technology from the UK to Australia to ensure local support to Sydney Water Corporation, backed up by in-depth implementation expertise.</p>
<p>MARKET SECTOR Energy & utilities</p>	
<p>LOCATION Australia</p>	
<p>STAFF AND SKILLS Transfer of products, staff and expertise between the UK and Australia on complex systems development</p>	
<p>CLIENT VIEW</p> <p>"Following intense international competition for the supply of IICATS, Sydney Water Corporation selected Logica for its proven ability to deliver world class water management systems and its commitment to the support of its systems on a global basis. Logica has worked closely with the corporation to specify, develop and implement a functionally rich, high performance and user friendly system which will ultimately enable more efficient management of our assets through the monitoring and control of more than one hundred thousand individual points. The first phase of IICATS has been progressively commissioned during 1995, and we look forward to completion of the second phase in 1996." Dave Manzi, bulkwater manager, Sydney Water Corporation.</p>	

<p>CLIENT Ford Motor Company</p>	<p>DESCRIPTION</p> <p>Ford Motor Company's move to become a global organisation has demanded global systems developments. At the forefront of this activity is a worldwide integrated purchasing system (WIPS), under development by a team of 140 specialists from Ford and Logica. The team has developed and implemented a system to facilitate global purchasing of Ford vehicle components in support of the Ford commitment to 'World Class Timing' and competitive pricing – key elements in Ford achieving number one status. With aspects of functional design undertaken in Detroit, USA, project programming centred in Basildon, UK, and operations in Cologne, Germany, this is an international venture with extremely complex logistics. Six Logica team members were awarded certificates by Ford, along with Ford staff, 'in recognition of outstanding achievement'. The staff represent contributions to work on a number of different WIPS sub-projects which support the global business objectives of Ford 2000. The awards, open to supplier's staff for the first time, were presented by W F (Bill) Powers, executive director, Information Systems.</p>
<p>MARKET SECTOR Industry</p>	
<p>LOCATION UK, Germany and the USA</p>	
<p>STAFF AND SKILLS Joint international developments to support Ford business objectives, resulting in internal excellence awards for Ford and Logica staff</p>	
<p>CLIENT VIEW</p> <p>"Logica and Ford have been able to put together a top class joint team. Logica has supplemented our resources in all project roles: programming, analysis, technical support and project management. They have helped us achieve a highly successful global development, key to the Ford 2000 business." Mike Dryland, manager, purchasing systems, Ford Automotive Operations.</p>	



<p>CLIENT Bankgesellschaft Berlin</p>	<p>DESCRIPTION Bankgesellschaft Berlin was created on 1 January 1994 as a result of a merger between three major banks in Berlin, and is now one of the ten largest banks in Germany. Traditionally focused on the retail banking market place, the bank is diversifying into investment banking and intends to become a global player in this arena. In order to support its expanded focus and business objectives, the bank requires a completely new technical infrastructure for investment banking. Logica was commissioned by the bank in April 1995 to develop a technical strategy and architecture which comprised the applications architecture, technical architecture and implementation plan. In parallel, Logica also began work on a number of related implementation projects and has now been appointed prime contractor for the entire technical installation. This involves Logica staff from Switzerland, the UK and the Netherlands.</p>
<p>MARKET SECTOR Finance</p>	
<p>LOCATION Germany</p>	
<p>STAFF AND SKILLS Strategic consultancy and implementation as part of a team involving three merged banks</p>	<p>CLIENT VIEW "We still have a long way to go in the realisation of our business goals, but we have been impressed so far with the achievements of the Logica team in such a short timescale. Good teamwork between Logica and bank staff has enabled us to make great progress towards our goal of becoming an important player in the investment banking community." Artur Fischer, Direktor Konzern-Organisation, Bankgesellschaft Berlin.</p>

<p>CLIENT IBM UK</p>	<p>DESCRIPTION IBM UK Limited has awarded Logica a Certificate of Excellence in recognition of achieving 'Category A' status within IBM's Supplier Quality Programme. This is the fifth consecutive year Logica has achieved this status and is the only software company to do so. Category A status is attained as a result of assessments by the IBM project team, and the procurement and accounts payable department on the performance of the supplier in such areas as administrative efficiency, speed of response, overall management and quality of invoicing procedures. IBM is currently in discussion with several of its strategic suppliers, including Logica, with a view to replicating the UK supplier relationship on a worldwide basis. To date, Logica's work with IBM has covered four continents and includes systems integration, product development and joint venture activities.</p>
<p>MARKET SECTOR Computing and electronics</p>	
<p>LOCATION UK</p>	
<p>STAFF AND SKILLS Industry award of excellence for the fifth year running</p>	<p>CLIENT VIEW "Developing and maintaining Category A status with our strategic suppliers is vital to IBM's drive to delight customers and eradicate all unnecessary costs. Clearly this is a first class performance by Logica in achieving Category A status for the past five years, demonstrating that they continue to understand IBM's and IBM customers' requirements." David McMillan, customer solutions procurement manager, IBM UK.</p>

TECHNICAL EXCELLENCE

Logica's position at the forefront of technology has been well established for over 25 years. Maintaining such a position, however, requires more than just a grasp of the technology for its own sake – emerging developments and the latest techniques need to be translated into business advantage. Logica helps its clients to realise the benefits of these advances, combining future vision with pragmatic experience.

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This year we have worked on some pioneering developments for leading worldwide organisations, setting the blueprint for tomorrow's system design techniques. One such area is the upsurge of interest in object oriented development techniques, which are already reaping the benefits of faster development times and improved flexibility for many clients. As the use of complex distributed systems grows, organisations will regard such techniques as a practical necessity rather than a technical novelty.

Rapid application development (RAD) is another area attracting keen interest. To shape the future of this important area, Logica is a founding member of the Dynamic Systems Development Method consortium. We have been advising clients on the use of RAD techniques to reduce the cost and time to delivery of their internal IT developments, and have run consultancy workshops for clients in the defence, government, finance and petrochemical industries. Speech recognition has been tracked as an important emerging technology by Logica for many years, and now with the increase in such areas as telephone banking systems, telesales and automated information services, there has been an explosion in demand over the past year. We have worked for leading banking and insurance companies and European telecommunications authorities to deliver state-of-the-art customer facing systems which bring improved efficiency and substantial cost savings.

Logica invests continually in advanced technologies, monitoring developments and gaining early hands-on experience. In this way, we ensure that our clients are getting to the future first, maintaining their competitive advantage through the appropriate use of emerging technologies and techniques. The case studies which follow illustrate the diverse market sectors in which we have undertaken leading edge projects during the year.

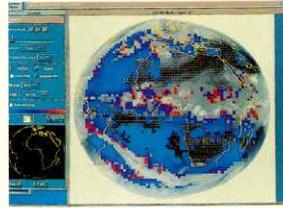
<p>CLIENT Loral Federal Systems, prime contractor to the UK Civil Aviation Authority</p>	<p>DESCRIPTION Logica is working as part of a consortium led by Loral Federal Systems, formerly IBM Federal Systems, to develop the new en-route centre (NERC) for the UK Civil Aviation Authority (CAA). NERC will provide the CAA with a much-needed 40 per cent increase in airspace capacity and is due to go into operation in 1996. Logica has developed the user interface to give the world's first air traffic control system a consistent look, feel and performance across all system functions, based on extensive user interface specification and design expertise. Logica has also developed the central control and monitoring system for NERC and has been responsible for the safety analysis of all systems. When the centre opens, air traffic controllers will have more reliable information, increased air traffic handling capacity and a consistent and intuitive system capable of handling greater volumes of accurate information. Logica used its well-established human computer interaction methodology to define the user interface. Trials of various aspects of the air traffic controller's working position were carried out using prototypes for the planning controller positions and the tactical controller positions, making extensive use of electronic flight strips and radar displays. As a result, training costs on the new systems will be reduced and user confidence increased.</p>
<p>MARKET SECTOR Transport</p>	<p>CLIENT VIEW "We aim to reduce training costs by standardising. We will also be able to avoid potential confusion for controllers in times of emergency. They will know each light or switch can only mean one thing, and so they will be able to act without hesitation." Kevin Potts, deputy director, NERC Systems Engineering, CAA.</p>
<p>LOCATION UK</p>	
<p>TECHNOLOGY User interface design, safety analysis and production of the control and monitoring system for Europe's most advanced air traffic control centre</p>	



TECHNICAL EXCELLENCE

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<p>CLIENT Swinton Group Limited</p>	<p>DESCRIPTION</p> <p>In 1994, Swinton Insurance began a programme of radical yet positive change in order to position it for future success in a fiercely competitive market. The key to its new vision lay in providing its advisors in all its branches and in a new call centre (serving evening and weekend insurance shoppers) with an integrated flexible system which would deliver a single, complete and consistent view of both customers and prospects. Swinton chose Logica as its business partner on the basis of Logica's strengths as a systems integrator known for delivering complex systems on time. This was supported by an understanding of Swinton's business objectives and a rapid application development approach based on the VITESSE product. VITESSE, an innovative customer contact solution, offered Swinton the ability to differentiate its service from the competition and derive benefits in its branch network, as well as in its call centre, through an integrated approach. The emphasis is on empowering advisors with complete flexibility in the way in which they handle customer enquiries. Each advisor will have a PC running VITESSE which will provide a customised graphical user interface into all of Swinton's back office systems and a new customer oriented database, providing a complete view of the relationship between Swinton and the customer.</p>
<p>MARKET SECTOR Insurance</p>	
<p>LOCATION UK</p>	
<p>TECHNOLOGY An integrated computer and telephony system to support Swinton's competitive business drive and improve customer service</p>	
<p>CLIENT VIEW</p> <p>"In just six months, Swinton has designed, built and launched a call centre. It has developed an advanced integrated customer contact solution with VITESSE. Swinton is confident that Logica and VITESSE will enable it to achieve its vision of an integrated insurance environment, delivering its new customer proposition, which will distinguish it from other insurance providers through a unique mix of products and multiple distribution channels." Chris Oliver, director, Customer Services, Swinton.</p>	
<p>CLIENT SMART (Scandinavian Multi Access Reservation Systems)</p>	<p>DESCRIPTION</p> <p>SMART is the leading distributor of booking information for airlines, railways, hotels, ferry companies and other travel organisations across Scandinavia. Logica has worked with SMART since its formation over ten years ago to develop systems which integrate information gathered from 60 sources and distribute it to over 1,000 travel agents. In 1994, SMART decided to target a new audience – the general public – bringing timetable, tariff and booking information into people's homes across Sweden, Norway and Denmark. Using modern integration tools, object oriented design techniques and new technologies such as PC Windows, voice response units and interactive television, Logica has developed 'Ring & Res'. The Ring & Res system is a three tiered client/server architecture which enables private customers to access travel information either by voice response telephone services, interactive television using the Teletext service, or by computer. The latter is designed to serve the growing community of home PC users in Sweden, currently one in four households. The system has enabled SMART to serve the business aims and the information needs of its end customers: transport and accommodation companies who are keen to target new markets direct, and the general public who increasingly demand instant information and greater control when booking their travel arrangements.</p>
<p>MARKET SECTOR Transport</p>	
<p>LOCATION Sweden</p>	
<p>TECHNOLOGY A three tier client/server development which brings real-time travel information into people's homes across Scandinavia and so maintain SMART's leading business edge</p>	<p>CLIENT VIEW</p> <p>"We've worked with Logica for many years, so they understand our business and what we are trying to achieve. When we embarked on the Ring & Res project we were working to very short timescales – delivery had to be in just four months, in time to exhibit the system at a major trade fair in March 1995. Methods such as object oriented design and software re-use have enabled us to develop a state-of-the-art system quickly and flexibly. We have always been confident that, whatever skills or specialist knowledge are needed, Logica can access them through their international network of offices." Eva Åhlén, manager of applications development, SMART AB.</p>



<p>CLIENT European Meteorological Satellite Organisation (EUMETSAT)</p>	<p>DESCRIPTION The European Meteorological Satellite Organisation (EUMETSAT) commissioned Logica to develop an advanced computer system capable of extracting weather information from data supplied by the Meteosat satellite. The system, developed under a fixed price turnkey contract, produces meteorological products such as wind speed maps for use by weather forecasters around the world. Every 30 minutes the Meteosat satellite sends a picture of the earth to the EUMETSAT headquarters in Darmstadt, Germany, where the data is processed to provide the weather information for rapid distribution to national meteorological services. Using Hewlett Packard workstations in a client/server arrangement to ensure high performance and reliability, the system is a state-of-the-art development which makes extensive use of object oriented design techniques. The result is a user friendly facility with low maintenance costs and considerable potential to grow in line with EUMETSAT's own activities.</p> <p>CLIENT VIEW "EUMETSAT has appreciated working with such a highly motivated Logica team on this key facility of the new EUMETSAT ground segment. The new MPEF (meteorological products extraction facility) guarantees a smooth transition of the meteorological part of Meteosat operations from the European Space Agency to EUMETSAT. Taking full advantage of modern technology, it will furthermore contribute to the improvement of the extracted meteorological products in the future." Horst Faas, MPEF project manager, EUMETSAT.</p>
<p>MARKET SECTOR Space</p>	
<p>LOCATION Germany</p>	
<p>TECHNOLOGY A satellite data extraction system providing weather bulletins for worldwide distribution every 30 minutes</p>	

<p>CLIENT British Aerospace Defence and consortium partners</p>	<p>DESCRIPTION For a consortium of British, French and German companies, Logica has developed a powerful image simulation system to streamline the development and evaluation of next generation weapon systems. Using detailed computer models, the system creates synthetic images of outdoor scenes with aircraft and vehicles moving over terrain. Unlike conventional virtual reality systems, the system produces physically representative, high-realism images required for exacting military applications. Scenarios can be run either with pre-programmed movement or under external control, generating images from any viewpoint or movement path. A powerful feature of the system is its ability to recreate images as they would appear at different times of the day, under various viewing conditions and with alternative scenario details, all controlled simply from the user interface. For this application, infra-red imagery is generated, while related systems for other Logica clients generate normal colour images for applications such as testing camouflage schemes, and training operators in vehicle recognition.</p> <p>CLIENT VIEW "Logica's work is an important element of our drive to develop new systems cost effectively. This state-of-the-art technology enables evaluation and development of new equipment to be conducted without the cost, delay, limitations and environmental impact of field trials." Chris Carter, procurement manager, British Aerospace Defence.</p>
<p>MARKET SECTOR Defence</p>	
<p>LOCATION UK, France and Germany</p>	
<p>TECHNOLOGY State-of-the-art image simulation for modelling defence equipment and scenarios, reducing cost and environmental impact</p>	

A selection of leading organisations with whom we have worked during the year.

Finance

Abbey National
 ABN-AMRO
 Abu Dhabi Commercial Bank
 Al Bank Al Saudi Al Fransi
 Alico Union Vita
 AP-Fonden 1-3
 Arab Bank
 Association for Payment Clearing Services
 Australia and New Zealand Banking Group
 Australian Stock Exchange
 BACS (Bankers Automated Clearing Services)
 Banca Commerciale Italiana
 Banco De Oro
 Banco Santander SA
 Bank Al Jazira
 Bank Bali
 Bank for International Settlements
 Bank Gdański
 Bankgesellschaft Berlin
 Bank Handlowy w Warszawie
 Bank Julius Baer & Company Limited
 Bank of Hawaii
 Bank of N.T. Butterfield
 Bank of Montreal
 Bank of the Philippines Islands
 Bank of Scotland
 Bank of Tokyo
 Bankenes Betalings Sentral AS
 Bankers Trust Company
 BankGiro Centrale BV
 Banque de Suez Nederland NV
 Banque Nationale de Paris
 Banque Privée Edmonde de Rothschild
 Banque UNEXIM (Suisse) SA
 Barclays Bank
 Baring Securities
 Bilbao Bizkaia Kutxa
 Brinson Partners Inc
 Bristol & West Building Society
 Caja Madrid
 Canadian Imperial Bank of Commerce
 Canara Bank
 Cariplo
 CCV
 Central Bank of the Republic of Turkey
 Cetrel Luxembourg
 CHAPS and Town Clearing Company Limited
 Chase Manhattan Bank
 Chemical Bank
 Citibank
 Citibank Belgium
 Citicorp
 Clariden Bank
 CLMI
 Clydesdale Bank
 Commonwealth Bank of Australia

Copenhagen Stock Exchange
 Credit Agricole
 Creditanstalt
 Credito Italiano
 Credit Suisse
 Crosby Securities
 ECHO
 ED&F Man Cocoa Limited
 Emirates Bank International
 Eufiserv SC
 Fidelity
 First Alabama Bank
 First Interstate Bank
 First National Bank of Chicago
 First National Bank of Omaha
 First Security Service Company
 GAN Life and Pensions PLC
 Girobank plc
 General Portfolio Life Insurance PLC
 Gruppo Fondiaria
 Halifax Building Society
 ICA Kort AB
 ING Bank
 Inter-American Investment Corporation
 International Petroleum Exchange of London
 Iron Trades Insurance Company Limited
 Istituto Bancario San Paolo di Torino
 James Capel Asia Limited
 Jardine Fleming
 J.P. Morgan (Suisse) SA
 KBW Effectenbank BV
 Koeneman Capital Management Pte Limited
 KPMG Peat Marwick
 Lease Plan International
 Lippobank
 Lloyds Bank
 London Stock Exchange
 M&T Bank
 Mediolanum Consulenza MEIE
 Merrill Lynch
 Midland Bank
 Mitsui Nevitt Capital Corporation
 Morgan Grenfell
 Morgan Guaranty Trust Company of New York
 Morgan Stanley Asset Management Limited
 National Australia Bank
 National & Provincial Building Society
 National Bank of Dubai
 National Commercial Bank
 National Westminster Bank
 NationsBank
 New York Life Insurance Company
 Norwich Union Insurance Group
 Oslo Stock Exchange
 Oversea-Chinese Banking Corporation
 Peace Bank

Posten AB
 Postkantoren BV
 Prime Augusta Vita
 Primeur Card
 Prudential Assurance Company
 Rabobank Nederland
 Riyad Bank
 Royal Bank of Canada
 Royal Bank of Scotland
 Saudi American Bank
 Saudi Cairo Bank
 Saudi Hollandi Bank
 Saudi Investment Bank
 SEB
 Société Générale
 Società Interbancaria per l'Automazione (SIA)
 Standard Chartered Bank
 State Bank of New South Wales
 Svenska Handelsbanken S.W.I.F.T.
 Swinton Group Limited
 Swiss Bank Corporation
 The Bank of England
 The Bank of Nova Scotia
 The Exchange
 The Nikko Bank
 The Saudi Investment Bank
 The Stock Exchange of Hong Kong Limited
 TSB
 Ufficio Italiana Cambi
 Unicaja
 Union Bank of Switzerland
 Union Discount
 United Arab Emirates Central Bank
 United Saudi Commercial Bank
 VSB Groep
 Wachovia Corporate Services
 Westpac Banking Corporation
 W.I. Carr (Far East) Limited
 Winterthur Versicherung
 Woolwich Building Society

Telecommunications

ABB Nera Limited
 Alcatel
 Ameritech
 Antenna Hungaria – Hungarian Radiocommunications Corporation
 BELGACOM
 BT
 Cable & Wireless
 CYTA (Cyprus Telecommunications Authority)
 DDI Corporation
 DSC Communications Limited
 Energis Communications Limited
 Ericsson
 Telecommunications BV
 Fininvest
 Gibraltar Telecoms International Limited

GPT Limited
 GTE
 Hutchison Telecom
 Intesa
 iT (UK Post Office)
 Italtel
 Jersey Telecoms
 Manx Telecom Limited
 Mechanical-Copyright Protection Society Limited
 Mercury Communications Limited
 Motorola
 National Transcommunications Limited
 Nokia Telecommunication
 Nortel Limited
 Odetics Europe Limited
 Omega TV/Telepiu
 Philips Telecom – Private Mobile Radio
 Philips Medical Systems
 PTT Telecom
 Racal Network Services
 Radio-Austria AG
 Reuters
 Selta
 Telecom Finland
 Telecom Italia
 Teleglobe Canada
 Telekurs
 Telenordia
 Telia
 Telstra Corporation Limited
 The British Broadcasting Corporation
 Unisource Business Networks

Energy & Utilities

Acoser – Bologna
 Amerada Hess Limited
 Amoco
 Anglian Water
 BP Chemicals
 BP Exploration
 British Gas Exploration & Production
 British Gas Service
 British Gas TransCo
 British Nuclear Fuels plc
 Brunei Shell Group of Companies
 CCP S.p. Transgas o.z.
 Chevron UK Limited
 DPO
 Dublin Corporation
 Enichem Polimed
 Enterprise Oil plc
 ESKOM
 Gas-Direct Limited
 Helikopter Service
 Hydro-Electric
 Illinois Power
 International Atomic Energy Authority (IAEA)
 KSEPL
 Kvaerner Oil & Gas Services Limited
 LASMO (Nederland) BV
 London Electricity plc
 Mobil Gas Marketing

Nabors Drilling & Energy Services UK Limited
 National Rivers Authority
 Nederlandse Aardolie Maatschappij
 NORWEB Gas
 North West Water Limited
 Nuclear Electric Plc
 Petroleum Development Oman LLC
 RRP
 Shell Chemicals UK Limited
 Shell International Petroleum Company
 Shell International Trading
 Shell Internationale Petroleum Maatschappij
 Shell Italia
 Shell Nederland Chemie
 Shell UK Exploration and Production
 Slovak Transgas
 South Wales Electricity plc
 SWEB Gas
 Sydney Water Corporation
 Total Oil Marine plc
 UK Data Collection Services Limited
 UK Nirex
 Yorkshire Electricity Group plc
 Yorkshire Water

Defence

Atomic Weapons Establishment Plc
 British Aerospace
 Defence Evaluation & Research Agency
 Devonport Management Limited
 Ferranti Thomson Sonar Systems
 GEC Avionics Limited
 IBM United Kingdom Limited
 Ministry of Defence
 NATO
 Racal Electronics
 Royal Danish Navy
 Vickers Defence Systems
 Westland Helicopters

Industry

AB Pripps Bryggerier
 Alenia
 Algemene Sein Industrie
 Allied Mills Limited
 Aluminium Delfzijl
 Antonio Merlone
 BAT
 Becton Dickinson Medical Products
 Benetton
 BOC
 British Fermentation Products Limited
 British Shoe
 Corgi
 DSM Transport Maatschappij

Deere & Company (European office)
 Dunlop Limited
 Electrische Nijverheids Installaties
 EMO
 Ferodo Italiana SpA
 Fiat
 Ford
 Foundation de Nantes
 Guzzini
 Hüls AG
 ICI Paints
 Iveco
 Janssen Pharmaceutica
 J. Sainsbury plc
 Merck Sharp & Dohme
 Philip Morris
 Pirelli Cavi
 Procordia Data System
 Procter & Gamble
 Rover Group
 RTZ Technical Services
 Saint-Gobain
 SmithKline Beecham
 The Intercare Group plc
 The Wellcome Foundation Limited
 The Whitbread Beer Company
 VM Motori
 Zeneca Specialities

Government

AB Trav&Galopp
 Arbeidsvoorziening
 Australia Post
 Belastingdienst
 British Standards Institution
 CCTA, the Government Centre for Information Systems
 Cabinet Office
 Central Statistical Office
 Commission of the European Communities
 Department of Economic Development
 Department of Health
 Department of Social Security
 Department of the Environment
 Department of Trade and Industry
 Department of Transport
 Devon County Council
 Devonport Management Limited
 Dublin Corporation
 Employment Department Group
 English Nature
 European Environment Agency
 European Free Trade Association
 Eurostat
 Färdtjänsten Stockholms Län
 General Secretariat of the Council of the European Union
 HM Customs and Excise

Horserace Totalisator Board
 Information Technology Services Agency
 ITEX (a business within Norfolk County Council)
 KNMI
 London Borough of Greenwich
 Ministerie van Binnenlandse Zaken
 Ministerie van Defensie
 Ministerie van Justitie
 Ministerie van Verkeer en Waterstaat
 Ministerie van Verkeer & Infrastructuur
 Ministerie van de Vlaamse Gemeenschap
 Ministry of Agriculture, Fisheries and Food
 NHS Estates
 Ordnance Survey
 Public Record Office
 Regie der Gebouwen
 Rijkswaterstaat
 RIVM (National Institute of Public Health and Environmental Protection, Netherlands)
 The Royal Hong Kong Jockey Club
 The Scottish Office
 The Valuation and Lands Agency
 Universal Postal Union

Transport

ACTP - Sassari
 Air Afrique
 Air China International Company
 Air Niugini
 Airline Management Support
 Airtours Holidays Limited
 Ansett Australia
 Asiana Airlines
 ATAF - Firenze
 ATC (Azienda Trasporti Consorziali) - Bologna
 Austrian Airlines
 British Airways Plc
 CAAC
 Civil Aviation Authority
 Cyprus Airways
 Deutsche BA
 DHL
 Eurotunnel
 Eurowings AG
 Ion Beam Applications (IBA)
 London Transport
 Tendered Bus Division
 Network Control Division, The Highways Agency
 NV Nederlandse Spoorwegen
 Olympic Airways
 Philippine Airlines Inc
 PTT Post BV
 SMART AB
 South African Airways
 TAROM

Computing & Electronics

AT&T Nederland
 Boston Technology Inc
 Bull
 Bull Information Systems Limited
 Bull Italia
 Cognitronics
 Data Management
 Digital Equipment AB
 Digital Equipment Corporation
 España SA
 Digital Equipment Co Limited
 Digital Equipment Hong Kong Limited
 Digital Equipment Italia
 Finsiel
 Fulcrum Communications Limited
 Hewlett Packard
 Hitachi Europe Limited
 Hoskyns Group plc
 IBM (US)
 IBM Italia
 IBM United Kingdom Limited
 IBM United Kingdom Laboratories Limited
 Insiel
 Lucas Management Systems
 Olivetti
 Philips
 Ringwood Software Limited
 Siemens Nixdorf
 Sogei
 Stratus Computers
 Nederland
 Sun Microsystems AB
 Sun Microsystems Limited
 Tandem Computers Inc
 Tandem Computers Limited
 TEIS geie
 Unisys

Space

Aerospatiale
 Alcatel Espace
 British National Space Centre
 CNES (Centre National d'Etudes Spatiales)
 CRI A/S
 Daimler-Benz Aerospace
 Defence Evaluation & Research Agency
 EUMETSAT
 European Space Agency
 EUTELSAT
 Inmarsat
 Matra Marconi Space
 Ministry of Defence
 National Remote Sensing Centre Limited
 Potato Marketing Board
 Saab Ericsson Space
 SAIT Systems SA
 Tecnospazio

LOGICA PLC BOARD AND SENIOR MANAGEMENT

The membership of the board and of the executive committee is as follows:

P G Bosonnet (*non-executive chairman*) †**

M P Read (*managing director and chief executive*) †*

M M Anid *

F Barlow †

D Craig †*

E Filkin †

A F Given †*

P A B Hughes †

J A P McKenna *

R P Newton *

C S F Preddy †*

L A Taylor †

P J Vinken †

R Wakeling †

J I Yates *

† board member

* executive committee member

‡ non-executive director

Their roles and responsibilities are as follows:

Paul Bosonnet, 63, joined the board as non-executive director in 1986 and assumed the role of chairman in November 1990. He is also non-executive deputy chairman of BT.

Martin Read, 45, joined the board as managing director and chief executive in 1993. He was formerly managing director of Marconi Radar and Control Systems Limited, and supervisory managing director of EASAMS, GEC-Marconi Research Centre, GEC Computer Services and GEC-Marconi Software Systems.

Mario Anid, 37, joined the executive committee in April 1995 as corporate development director. He was previously corporate development director at Sema Group plc.

Frank Barlow, 65, joined the board as a non-executive director in January 1995. He is managing director of Pearson plc, a director of The Economist Group and was chairman of BSkyB until January 1995. He is also chairman of the Financial Times.

Duncan Craig, 46, joined the board in 1991 and is responsible for continental European operations. He joined Logica in 1971 and has been based in the Netherlands since 1974.

Elizabeth Filkin, 54, joined the board as a non-executive director in January 1995. She is The Adjudicator for the UK Inland Revenue, Customs & Excise and The Contributions Agency, a part-time director of Hay Management Consultants and a non-executive director of Britannia Building Society.

Andrew Given, 47, joined the board in 1990 as director of finance and planning, and is now group finance director and company secretary. He was formerly group finance controller for Plessey Company plc.

Philip Hughes, 59, retired as chairman in 1990 and became a non-executive director, having co-founded Logica in 1969. He is also on the board of Thames and Hudson Limited.

Jim McKenna, 40, joined the executive committee in 1993 as group personnel director. He was formerly personnel director of Marconi Radar and Control Systems Limited, and was also supervisory personnel director for EASAMS and other companies within the Marconi Radar and Control Systems group.

Paul Newton, 41, joined the executive committee in April 1995 as international business director. He was previously managing director for international business at ACT plc.

Cliff Preddy, 48, joined the board in 1987 and is responsible for UK operations. He joined Logica in the year it was formed.

Len Taylor, 60, retired as managing director in 1987, becoming a non-executive director from that date. He was a co-founder of the company.

Pierre Vinken, 67, joined the board in 1990, having previously served on the board of directors for Logica BV since 1985. He retired as chairman of Reed Elsevier plc this year.

Richard Wakeling, 48, joined the board as a non-executive director in January 1995. He is a non-executive director of Costain Group, Staveley Industries, Oxford Instruments and HTR Income & Growth Split Trust, and deputy chairman of Celtic Group.

Jim Yates, 46, joined Logica's executive committee as director of international operations in 1994. He was previously managing director of GEC Information Systems, which includes GEC Marconi Software, GEC Computer Services and GEC Marconi's simulation and emergency services businesses.

Registered office

Stephenson House
75 Hampstead Road
London
NW1 2PL
Registered no: 1631639

Registrars

Independent Registrars Group
Broseley House
Newlands Drive
Witham
Essex CM8 2UL

REPORT OF THE DIRECTORS

The directors present their report together with the accounts of the company and its subsidiaries for the year ended 30 June 1995. These will be laid before the shareholders at the Annual General Meeting to be held on 8 November 1995.

Principal activities

Logica companies throughout the year were in the business of providing information technology services, concentrating on:

- the marketing, design, production, integration and maintenance of custom built software and associated hardware systems
- consultancy, applications management and project management in the field of information technology
- the design, development, implementation and marketing of software products and the re-usable elements of applications software, called systems kernels.

Results and dividends

Turnover amounted to £250.1 million, compared with £210.0 million for the previous year, representing an increase of 19%. The previous years' practice of reporting an additional gross turnover figure, including the turnover of associated undertakings, has been discontinued. Profit after tax was £13.2 million compared with a profit after tax of £8.5 million for the previous year, an increase of 55%. Earnings per share were 21.7p (1994 – 14.0p), an increase of 55%.

Net cash balances at year end stood at £17.0 million (1994 – £15.3 million) representing an increase of £1.7 million, after investing £2.6 million in acquisitions.

The directors are recommending a final dividend of 4.5p per share net, making 6.25p per share net for the year, up 25% on the previous year. If approved, the final dividend will be paid on 9 November 1995 to eligible shareholders on the register at close of business on 3 October 1995.

Retained profits amounting to £9.4 million have been carried to reserves (1994 – £5.4 million).

Business review

A review of the development of the business during the year is given on pages 1 to 7. Included in the review are references to Logica's future prospects.

Acquisitions

On 21 September 1994, Logica Inc acquired the operations and certain assets of the software division of Synercom Technology Inc for £2.6 million paid in cash, details of which are given in note 12 to the accounts.

Research and development

During the year, Logica invested £6.6 million in research and development (1994 – £5.7 million). These figures are net of funding by European research institutions and other clients. No development costs have been capitalised.

Directors

The directors are listed on page 26.

During the year, there have been the following changes in the composition of the board:

- on 31 October 1994, Andrew Karney resigned as a director
- on 12 January 1995, Frank Barlow, Elizabeth Filkin and Richard Wakeling were appointed as non-executive directors.

On 31 July 1995, Colin Rowland resigned as a director.

The interests of the directors in the shares of the company are shown in note 4 to the accounts.

Dr Martin Read has a service contract for an initial fixed period of three years from 27 July 1993 and thereafter subject to termination by one year's notice by the company or three months' notice by Dr Martin Read. The other executive directors have service contracts with notice periods of 50 weeks. None of the directors had a material interest in any contract of significance to which the parent company or a subsidiary was a party during the financial year.

Directors' and officers' insurance

The company maintains insurance cover for all directors and officers of group companies against liabilities which may be incurred by them while acting as directors and officers.

REPORT OF THE DIRECTORS

Substantial holdings

The directors' interests are described in note 4 to the accounts. In addition, at 13 September 1995 the company had been notified that the following were interested in 3% or more of the company's share capital:

NAME	NO OF SHARES	PERCENTAGE
Prudential Corporation		
Group of Companies	2,404,402	3.86
Lloyds Bank Pension		
Trust Corporation Limited	1,985,000	3.19

Employment policies

The group operates in a number of countries and its employment practices vary to meet local conditions and requirements. In all cases they are established on the basis of best practice in that country. It is group policy to ensure equal opportunity for employment of disabled people, racial minorities and women. Wherever possible the employment of members of staff who become disabled will be continued and appropriate training and career development will be offered.

Employee participation

One of the group's key objectives is to achieve a shared commitment by all employees to the success of the business. Throughout the world there is close consultation between employees and management on matters of mutual interest and information is disseminated through individual performance reviews, team briefings and in-house newsletters. All staff receive a copy of the annual report and accounts.

Employees are encouraged to participate in the progress and profitability of the group through savings related share option schemes.

Fixed assets

The changes in the fixed assets of the company and its subsidiaries are disclosed in notes 10 and 11 to the accounts.

Auditors

Price Waterhouse have expressed their willingness to continue in office. A resolution will be proposed at the Annual General Meeting for their re-appointment as auditors and authorising the directors to fix their remuneration.

Authority to allot securities

Resolution No. 9 in the Notice of the forthcoming Annual General Meeting proposes the renewal, in accordance with Section 80 of the Companies Act 1985, for the period expiring on the date of the 1996 Annual General Meeting, of the directors' authority to allot the authorised but as yet unissued share capital of the company at the date of this year's Annual General Meeting. The maximum amount of shares subject to such an authority would be 17,679,974 representing 28.4% of the company's total issued share capital at 13 September 1995. The directors do not have any present intention of exercising this authority, other than in connection with the company's employee share schemes.

Under Section 89 of the Companies Act 1985, equity securities in the company may not be allotted for cash (otherwise than in respect of an employee share scheme) without first being offered pro rata to existing shareholders, unless the prior approval of the shareholders is given in general meeting. The directors consider that it is in the best interests of the company that the relevant authority given at the Annual General Meeting in 1994 should be renewed in similar terms. Accordingly, a Special Resolution to this effect is proposed as Resolution No. 10 in the Notice of the forthcoming Annual General Meeting. The proposed authority expires at the date of the 1996 Annual General Meeting and permits the directors during this period to issue up to a maximum of 3,000,000 shares (representing 4.8% of the issued share capital at 13 September 1995) without first offering them to existing shareholders.

By order of the board

A F Given

Secretary
13 September 1995

CORPORATE GOVERNANCE

The directors are pleased to confirm that, in accordance with the continuing obligation contained in the Listing Rules of the London Stock Exchange, in their opinion, as at 30 June 1995, the company complies with all the provisions of the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Report) to the extent that the relevant guidance for directors has come into effect.

The audit committee, chaired by Paul Bosonnet, comprises Philip Hughes, Len Taylor, Elizabeth Filkin and Richard Wakeling. Elizabeth Filkin and Richard Wakeling were appointed to the committee on 15 February 1995. It meets at least twice a year and its terms of reference include the review of the annual and interim financial statements, the accounting policies of the company and its subsidiaries, internal management and financial controls. The chief executive and finance director attend the meetings at the request of the committee.

The remuneration committee during the year comprised Paul Bosonnet, Philip Hughes, Len Taylor, Frank Barlow, Elizabeth Filkin, Richard Wakeling and Dr Martin Read. Frank Barlow, Elizabeth Filkin and Richard Wakeling were appointed to the committee on 15 February 1995. On 14 September 1994, Len Taylor resigned as a member of the committee. On 16 August 1995, in line with the recommendations of the Greenbury Committee, Dr Martin Read resigned as a member of the committee, leaving it solely composed of non-executive directors. Its key role is to determine the appropriate levels of remuneration for the executive directors and senior management of the company's subsidiaries.

The company's auditors, Price Waterhouse, have reviewed our compliance with the specific matters in the code which the Cadbury Committee recommended that the auditors should review. They have reported to the board that they are of the opinion that it is appropriate for the directors to make the statement that the company complies with those aspects of the code.

Going concern

The directors, having made enquiries, consider that the company and the group have adequate resources to continue in operational existence for the foreseeable future, and therefore it is appropriate to maintain the going concern basis in preparing the financial statements.

Internal financial controls

The directors are responsible for the group's system of internal financial control. This system is designed to provide reasonable but not absolute assurance against material mis-statement or loss. The group has an established framework of internal financial controls, the more important elements of which are as follows.

- **Financial reporting** – there is a comprehensive system for reporting performance. At the beginning of each year a three year strategic plan and a one year budget are approved by the board. Each unit prepares a monthly comparison of results against budget. Forecasts are prepared regularly throughout the year.
- **Quality and integrity of personnel** – the integrity of the group is maintained through the appointment of experienced and professional staff. The policies under which they operate are detailed in the group Policy Manual. Clear lines of responsibility and levels of authority are set.
- **Operating unit controls** – financial controls and procedures, including information systems controls, to be adopted at unit level are detailed in policies and procedures manuals approved by executive management.
- **Functional reporting** – the group has identified a number of key risks facing the business which are subject to regular reporting to board members. These include major project performance, research and development projects, treasury operations and legal matters.
- **Compliance monitoring** – the group does not have an internal audit department, responsibility for monitoring divisional performance and carrying out reviews of key financial systems and controls being vested in head office and regional finance staff. The external auditors meet with the audit committee at least twice a year and report formally to them on internal controls at least annually.

By order of the board

A F Given

Secretary

13 September 1995

COMPANY INFORMATION

Statement of directors' responsibilities

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company as at the end of the financial year and of the profit and cash flows for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group and company 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 group and company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the group's system of internal financial controls and for safeguarding the assets of the group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Auditors' report to the shareholders of Logica plc

We have audited the financial statements on pages 32 to 48 which have been prepared under the historical cost convention and the accounting policies set out on page 31.

Respective responsibilities of directors and auditors

As described above, 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 mis-statement, 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 30 June 1995 and of the profit and cashflow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants and
Registered Auditors
London
13 September 1995

ACCOUNTING POLICIES

1 Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards applied consistently throughout the year.

2 Basis of consolidation

The group accounts include the accounts of Logica plc and all its subsidiary and associated undertakings. The results of companies or businesses acquired or disposed during the year are dealt with from the date of acquisition or to date of disposal.

The results of associated undertakings are calculated from the latest available audited accounts, adjusted to incorporate periods not covered by audited accounts.

3 Turnover

Turnover represents the value of work done for clients including attributable profit and after adjusting for all foreseeable future losses but excluding local sales taxes.

4 Recognition of profits

Profit on contracts for the supply of professional services at pre-determined rates is taken as and when the work is billed, irrespective of the duration of the contract.

Profit is taken on fixed price contracts while the contract is in progress, having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made for all foreseeable future losses.

5 Amounts recoverable on contracts

Amounts recoverable on contracts represent turnover which has not yet been invoiced to clients. Such amounts are separately disclosed within Debtors.

The valuation of amounts recoverable on fixed price contracts is adjusted to take up profit to date or foreseeable losses in accordance with the accounting policy for recognition of profits.

Other amounts recoverable on contracts are valued at the lower of cost or estimated net realisable value.

Cost comprises:

- professional amounts recoverable valued at the cost of salaries and associated payroll expenses of employees engaged on assignments and a proportion of attributable overheads
- unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.

6 Research and development

Research costs are written off in the year in which they are incurred unless they are to be reimbursed by third parties. Development costs are also written off in the year in which they are incurred unless they are to be reimbursed by third parties or result in the production of an identifiable, saleable product.

7 Depreciation

Depreciation is provided at rates calculated to write down the cost of tangible fixed assets over their estimated useful lives on a straight line basis. The annual rates of depreciation used are as follows:

Leaseholds	equally over life of lease
Office equipment	10%
Computer equipment	25%
Motor cars	25%
Plant	20%

8 Foreign currency transactions

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction or, if hedged, at the rate of exchange under the related forward exchange contract. Assets and liabilities in foreign currencies are translated at the year end rate of exchange or, if hedged, at the forward contract rate. The exchange differences are taken to the profit and loss account.

The results of overseas subsidiary and associated undertakings are translated into sterling at average rates for the year. The net assets of overseas subsidiary undertakings and related foreign currency debt financing those assets, together with investments in overseas associated undertakings, are translated at year end exchange rates. The exchange differences are taken to reserves and reported in the statement of total recognised gains and losses.

9 Non-pension post-employment benefits

The cost of providing post-employment benefits, other than pensions, is charged to the profit and loss account so as to spread the regular cost over the service lives of employees.

10 Deferred taxation

Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The provision is maintained to the extent that the timing differences are expected, with reasonable probability, to reverse in the foreseeable future.

11 Leases

Assets financed by leasing agreements that give rights approximating to ownership are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account on a constant periodic rate of charge basis.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

12 Goodwill

Goodwill, being the difference between the cost of businesses acquired and the fair value of their separable net assets, is offset against reserves as it arises.

FINANCIAL STATEMENTS

- Consolidated profit and loss account*

FOR YEAR ENDED 30 JUNE	NOTE	1995 £'000	1994 £'000
Consolidated turnover	1	250,135	209,952
Operating profit	2	19,405	12,845
Share of profits of associated undertakings	2	429	203
Profit on ordinary activities before interest		19,834	13,048
Interest	5	476	495
Profit on ordinary activities before taxation		20,310	13,543
Taxation on ordinary activities	6	(7,160)	(5,058)
Profit on ordinary activities after taxation		13,150	8,485
Dividends paid and proposed	7	(3,800)	(3,039)
Retained profit for the year	21	9,350	5,446
Earnings per share	9	21.7p	14.0p
Dividends per share	7	6.25p	5.0p

- Statement of total recognised gains and losses*

FOR YEAR ENDED 30 JUNE	NOTE	1995 £'000	1994 £'000
Profit attributable to shareholders	21	13,150	8,485
Currency translation differences arising on foreign currency net investments	21	923	151
Total recognised gains and losses		14,073	8,636

All gains and losses recognised above are based on historical costs and arise from continuing operations.

FINANCIAL STATEMENTS

- Consolidated balance sheet

AT 30 JUNE	NOTE	1995		1994	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	19,940		17,720	
Investments	11	6,046		5,102	
			25,986		22,822
Current assets					
Debtors	14	62,624		55,774	
Cash at bank and in hand		18,317		17,205	
		80,941		72,979	
Creditors – amounts falling due within one year					
Bank loans and overdrafts		(1,284)		(1,859)	
Other	15	(47,362)		(43,106)	
		(48,646)		(44,965)	
Net current assets			32,295		28,014
Total assets less current liabilities					
Creditors – amounts falling due after more than one year	16		(428)		(365)
Provisions for liabilities and charges	17		(1,452)		(1,539)
Net assets			56,401		48,932
Capital and reserves					
Share capital	20		6,219		6,178
Share premium account	21		12,522		11,565
Special reserve	21		143		143
Other reserves	21		2,946		2,690
Profit and loss account	21		34,571		28,356
Shareholders' funds – equity			56,401		48,932

Dr M P Read

A F Given

Directors

13 September 1995

FINANCIAL STATEMENTS

- Consolidated cash flow statement*

FOR YEAR ENDED 30 JUNE	NOTE	1995 £'000	1994 £'000
Net cash inflow from operating activities	22	16,918	11,670
Returns on investments and servicing of finance			
Interest received		693	741
Interest paid		(191)	(184)
Interest element of finance lease rental payments		(26)	(62)
Dividend received from associated undertaking		172	172
Dividends paid to shareholders		(3,246)	(2,543)
Net cash outflow from returns on investments and servicing of finance		(2,598)	(1,876)
Taxation			
United Kingdom corporation tax paid		(2,724)	(2,013)
Overseas tax paid		(2,134)	(1,983)
Tax paid		(4,858)	(3,996)
Investing activities			
Purchase of tangible assets		(6,263)	(4,224)
Purchase of investments	11	(120)	(263)
Purchase of business undertakings	12	(2,617)	(2,456)
Purchase of own shares by ESOP Trust	11	(1,221)	(1,630)
Sale of tangible assets		82	40
Sale of investments		286	0
Sale of own shares by ESOP Trust	11	473	236
Net cash outflow from investing activities		(9,380)	(8,297)
Net cash inflow/(outflow) before financing		82	(2,499)
Financing			
Shares issued (net of expenses)		998	499
Short term deposits	23	0	4,646
Capital element of finance lease rental payments		(74)	(93)
Net cash inflow from financing		924	5,052
Increase in cash and cash equivalents	23	1,006	2,553

FINANCIAL STATEMENTS

- *Company balance sheet*

AT 30 JUNE	NOTE	1995		1994	
		£'000	£'000	£'000	£'000
Fixed assets – investments	11		47,515		46,804
Current assets					
Debtors	14	1,299		715	
Cash at bank and in hand		2		2,811	
		1,301		3,526	
Creditors – amounts falling due within one year	15	(3,467)		(5,181)	
Net current liabilities			(2,166)		(1,655)
Total assets less current liabilities			45,349		45,149
Capital and reserves					
Share capital	20		6,219		6,178
Share premium account	21		12,522		11,565
Special reserve	21		23,261		23,261
Profit and loss account	21		3,347		4,145
Shareholders' funds – equity			45,349		45,149

Dr M P Read
A F Given
Directors
13 September 1995

NOTES TO THE ACCOUNTS

1 *Segmental information*

A) GEOGRAPHIC AREAS – ANALYSIS BY LOCATION OF OPERATIONS	TOTAL TURNOVER		INTER-SEGMENT TURNOVER		EXTERNAL TURNOVER	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000	1995 £'000	1994 £'000
United Kingdom	152,826	135,684	(5,253)	(8,722)	147,573	126,962
Continental Europe	47,993	38,742	(2,590)	(1,185)	45,403	37,557
North America	42,374	34,650	(3,367)	(4,143)	39,007	30,507
Asia Pacific and Middle East	18,383	15,137	(231)	(211)	18,152	14,926
Consolidated turnover	261,576	224,213	(11,441)	(14,261)	250,135	209,952

	NET ASSETS		PROFIT BEFORE TAXATION	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
United Kingdom	34,323	26,927	13,798	9,164
Continental Europe	6,177	10,209	4,662	3,712
North America	2,812	(509)	647	283
Asia Pacific and Middle East	(1,204)	(855)	298	(314)
	42,108	35,772	19,405	12,845
Share of profits of associated undertakings	–	–	429	203
Total segment	42,108	35,772	19,834	13,048
Cash less bank borrowings/net interest	17,033	15,346	476	495
Dividends proposed	(2,740)	(2,186)	–	–
Net assets/profit before taxation	56,401	48,932	20,310	13,543

B) GEOGRAPHIC MARKETS – ANALYSIS BY LOCATION OF CLIENT	EXTERNAL TURNOVER	
	1995 £'000	1994 £'000
United Kingdom	124,175	110,065
Continental Europe	65,202	50,116
North America	35,452	28,784
Asia Pacific and Middle East	25,306	20,987
Consolidated turnover	250,135	209,952

External turnover and profit before taxation for each geographical area exclude any contribution from associated undertakings.

In the opinion of the directors the group operated only one class of business throughout the year, that of the provision of information technology services.

NOTES TO THE ACCOUNTS

2 *Operating profit*

	NOTE	1995 £ '000	1994 £ '000
Consolidated turnover		250,135	209,952
Materials and other external charges		48,335	41,170
Staff costs	3	127,362	110,235
Depreciation		4,595	4,344
(Profit)/loss on disposal of fixed assets		(232)	129
Auditors' remuneration and expenses		262	254
Fees paid to auditors for non-audit related work (UK)		112	98
Fees paid to auditors for non-audit related work (overseas)		94	94
Hire of plant and machinery		1,417	1,209
Operating lease rentals		11,692	12,280
Other operating charges		37,093	27,294
Operating costs		230,730	197,107
Operating profit		19,405	12,845
Share of profits of associated undertakings		429	203
Profit on ordinary activities before interest		19,834	13,048

3 *Staff*

STAFF NUMBERS	1995	1994
Average staff numbers employed during the year were based as follows:		
United Kingdom	2,101	1,988
Continental Europe	546	455
North America	538	411
Asia Pacific and Middle East	173	187
Total excluding associated undertakings	3,358	3,041

Total staff numbers at 30 June 3,472 3,060

The average number of staff employed worldwide during the year, including associated undertakings, was 3,688 compared with 3,416 in 1994.

STAFF COSTS	£ '000	£ '000
Wages and salaries	111,670	96,764
Social security costs	11,056	9,010
Other pension costs	4,636	4,461
	127,362	110,235

There are voluntary pension schemes in the UK, the Netherlands, Belgium, Hong Kong and Australia, all of which are defined contribution schemes. The defined contributions, consisting of a fixed percentage of salary and voluntary contributions, are charged to the profit and loss account in the period to which they relate.

There are no unfunded liabilities in these schemes.

NOTES TO THE ACCOUNTS

4 *Directors*

EMOLUMENTS OF DIRECTORS	PERFORMANCE		CONTRACTUAL		TOTAL		PENSION		LONG TERM	
	SALARY AND FEES	RELATED BONUS	BENEFITS IN KIND	TERMINATION PAYMENT	1995	1994	CONTRIBUTIONS 1995	CONTRIBUTIONS 1994	BONUS 1995	BONUS 1994
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chairman and executive directors										
P G Bosonnet*	33	—	—	—	33	33	—	—	—	—
M P Read	185	46	12	—	243	235	44	41	—	—
D Craig	144	36	4	—	184	155	14	12	—	—
A F Given	137	34	8	—	179	161	13	9	—	—
A L Karney†	36	—	4	135	175	115	3	23	35	—
D W Mann**	—	—	—	—	—	254	—	44	—	—
C S F Preddy	130	33	8	—	171	151	11	10	—	—
C G Rowland	113	24	7	—	144	123	9	22	—	—
Subtotal	778	173	43	135	1,129	1,227	94	161	35	—
Non-executive directors										
F Barlow***	8	—	—	—	8	—	—	—	—	—
E Filkin***	8	—	—	—	8	—	—	—	—	—
P A B Hughes	17	—	—	—	17	16	—	—	—	—
L A Taylor	15	—	—	—	15	15	—	—	—	—
P J Vinken	15	—	—	—	15	15	—	—	—	—
R Wakeling***	8	—	—	—	8	—	—	—	—	—
Subtotal	71	—	—	—	71	46	—	—	—	—
Total	849	173	43	135	1,200	1,273	94	161	35	—

* non-executive chairman

† resigned 31 October 1994

** resigned 31 March 1994

*** appointed 12 January 1995

The directors participate in a performance related bonus scheme, based on the group achieving annual financial targets established by the remuneration committee.

Payments made under the performance related and long term bonus schemes do not constitute pensionable emoluments.

The interests of the directors at the year end in the shares of the company are:

	30 JUNE 1995		30 JUNE 1994	
	BENEFICIAL	NON-BENEFICIAL	BENEFICIAL	NON-BENEFICIAL
D Craig	23,939	0	23,939	0
C S F Preddy	41,477	0	41,477	0
C G Rowland	65,433	0	64,933	135,708
P A B Hughes	1,651,600	601,375	1,751,600	601,375
L A Taylor	974,600	149,212	1,074,600	151,512
P J Vinken	49,000	0	0	0

NOTES TO THE ACCOUNTS

4 *Directors (continued)*

Options to subscribe for ordinary shares of the company held by directors are:

	OPTIONS	OPTIONS GRANTED		OPTIONS	WEIGHTED	EARLIEST DATE
	HELD AT	DURING THE YEAR		HELD AT	AVERAGE	BY WHICH ALL
	1 JULY 1994	AT 266p	AT 296p	30 JUNE 1995	EXERCISE	OPTIONS BECOME
					PRICE	EXERCISABLE
M P Read	97,000			97,000	252	23/09/96
D Craig	45,000		897	45,897	165	29/10/95
A F Given	69,438	3,787		73,225	226	01/02/00
C S F Preddy	89,229			89,229	223	01/02/99
C G Rowland	94,229			94,229	227	01/02/99
P A B Hughes	35,000			35,000	275	27/10/90
Total	429,896	3,787	897	434,580		

OPTIONS BY EXERCISE PRICE

153p	7,578			7,578
155p	20,000			20,000
166p	4,246			4,246
169p	130,000			130,000
200p	5,736			5,736
240p	40,000			40,000
252p	97,000			97,000
256p	5,336			5,336
266p	0	3,787		3,787
275p	35,000			35,000
295p	85,000			85,000
296p	0		897	897
Total	429,896	3,787	897	434,580

The market price of the shares at 30 June 1995 was 375p (1994 – 267p).

At 30 June 1995, the Employee Share Ownership Plan Trust owned 1,382,918 shares. On 14 July 1995, 28 July 1995, 11 August 1995 and 25 August 1995 the holding of the Employee Share Ownership Plan Trust reduced by 897, 5,305, 6,414 and 3,294 shares respectively, following the exercise of options by employees.

Each of the directors is also deemed to be interested in these shares as a potential beneficiary of the trust. There have been no other changes in the directors' interests in the shares of the company or in the share options granted by the company to the directors between the end of the financial year and the signing of the report and accounts.

In October 1992, a long term bonus scheme was established by the company for executive directors and certain senior managers based on the increase in the open market share price over the grant price. Payments made under this scheme cannot normally be made until completion of the first three year period. The amounts payable under the scheme are provided in the accounts on an annual basis inasmuch as they are not hedged by the purchase of shares in the company by the Employee Share Ownership Plan Trust. At 30 June 1995, the benefit attributable to directors in respect of the financial year, which will be shown as directors' remuneration when paid, was £656,640 (1994 – £164,400). The cumulative amount attributable to directors under the scheme at 30 June 1995 was £868,190 (30 June 1994 – £223,300).

NOTES TO THE ACCOUNTS

4 *Directors (continued)*

DIRECTORS' LONG TERM BONUS UNITS	UNITS HELD AT	UNITS GRANTED DURING THE YEAR		UNITS EXERCISED DURING THE	UNITS HELD AT	WEIGHTED AVERAGE GRANT PRICE
	1 JULY 1994	AT 267p	AT 304p	YEAR AT 315p	30 JUNE 1995	
M P Read	153,000	100,000*			253,000	208
D Craig	50,000		40,000		90,000	271
A F Given	70,000		40,000		110,000	266
A L Karney	50,000			(50,000)	0	—
C S F Preddy	70,000		40,000		110,000	266
C G Rowland	70,000		30,000		100,000	263
Total	463,000	100,000	150,000	(50,000)	663,000	

LONG TERM BONUS UNITS BY EXERCISE PRICE

52p	3,000				3,000
171p	150,000				150,000
220p	155,000			(25,000)	130,000
267p		100,000			100,000
270p	155,000			(25,000)	130,000
304p			150,000		150,000
Total	463,000	100,000	150,000	(50,000)	663,000

* These units were granted under the terms of Dr Martin Read's service contract dated 27 July 1993 and their full exercisability was also contingent on the company achieving earnings per share for the year ended 30 June 1995 of 20p.

On 1 July 1995, a further grant of 75,000 long term bonus units was made to Dr Martin Read under the terms of his service agreement. Dr Read will only be able to secure the benefit of these units if the earnings per share for the company for the year to 30 June 1996 are in excess of the targets as established within that agreement.

The units granted during the year at 304p only become exercisable if the middle market quotation of ordinary shares in the company, as derived from the London Stock Exchange Daily Official List, has been at least 450p on any 22 consecutive dealing days since the grant of the benefit.

5 *Interest*

	1995 £ '000	1994 £ '000
Interest receivable	693	741
Interest payable and other financing costs	(217)	(246)
	476	495

NOTES TO THE ACCOUNTS

6 *Taxation*

	1995	1994
	£'000	£'000
United Kingdom taxation		
Corporation tax (at the rate of 33%)	5,586	3,230
Double taxation relief	(425)	(304)
Deferred taxation	(305)	(81)
	4,856	2,845
Overseas taxation		
Overseas taxes	2,157	2,117
Deferred taxation	(11)	(12)
	2,146	2,105
Associated undertakings	158	108
Tax on profit on ordinary activities	7,160	5,058

There are substantial unutilised tax losses which may be available for relief against profits of certain subsidiary undertakings in future years.

7 *Dividends paid and proposed*

	1995	1994
	£'000	£'000
Interim dividend of 1.75p (1994 – 1.40p)	1,060	853
Final dividend of 4.50p (1994 – 3.60p)	2,740	2,186
Total dividend	3,800	3,039

8 *Profit attributable to members of the holding company*

	1995	1994
	£'000	£'000
Dealt with in the accounts of the company	3,002	1,858

As permitted under Section 230(1) of the Companies Act 1985, the company has not presented its own profit and loss account.

9 *Earnings per share*

Earnings per share of 21.7p are based on the profit after tax of £13,150,000 and on a weighted average of 60,571,831 shares. Last year's earnings per share of 14.0p were based on the profit after tax of £8,485,000 and on a weighted average of 60,743,425 shares.

NOTES TO THE ACCOUNTS

10 *Tangible assets*

	FREEHOLD LAND AND BUILDINGS	SHORT LEASEHOLDS	EQUIPMENT AND PLANT	TOTAL
	£'000	£'000	£'000	£'000
Cost				
1 July 1994	3,820	9,751	31,618	45,189
Translation differences	(11)	76	254	319
Additions	27	504	6,254	6,785
Disposals	0	(409)	(1,629)	(2,038)
30 June 1995	3,836	9,922	36,497	50,255
Depreciation				
1 July 1994	427	4,809	22,233	27,469
Translation differences	0	62	118	180
Provided	29	520	4,046	4,595
Released on disposals	0	(384)	(1,545)	(1,929)
30 June 1995	456	5,007	24,852	30,315
Net book value at 30 June 1995	3,380	4,915	11,645	19,940
Net book value at 30 June 1994	3,393	4,942	9,385	17,720

The net book value includes £9,000 (1994 – £122,000) in respect of assets being acquired under finance leases, comprising costs of £1,225,000 (1994 – £1,267,000) and depreciation thereon of £1,216,000 (1994 – £1,145,000). The depreciation charge for the year in respect of capitalised leases was £110,000 (1994 – £150,000) and the finance charges were £26,000 (1994 – £62,000).

11 *Investments in associated undertakings and trade investments*

GROUP	ASSOCIATED UNDERTAKINGS			TRADE INVESTMENTS	OWN SHARES (ESOP)	TOTAL
	SHARES AT COST	RETAINED PROFITS	TOTAL			
	£'000	£'000	£'000			
1 July 1994	911	925	1,836	386	2,880	5,102
Translation differences	0	(44)	(44)	(3)	51	4
Additions	0	0	0	120	1,221	1,341
Disposals	0	0	0	(27)	(473)	(500)
Dividends received	0	(172)	(172)	0	0	(172)
Share of retained profit for the year	0	271	271	0	0	271
30 June 1995	911	980	1,891	476	3,679	6,046

All investments are unlisted. During the year the group increased its holding in National Remote Sensing Centre Limited, a UK registered company, to 12%.

In line with the requirements of the Urgent Issues Task Force Abstract No. 13, the group accounts for its advance to the Employee Share Ownership Plan Trust as a fixed asset investment (previously accounted for as a debtor). The Logica Employee Share Ownership Plan Trust is a discretionary trust which was established in September 1990 for the benefit of Logica staff. It has an independent, professional trustee (Mourant & Co Trustees Limited) and is currently financed by advances from the group. Costs of administering the Employee Share Ownership Plan Trust are charged to the profit and loss account as they occur. The trust purchases the company's shares in the market, for use in connection with the company's all-employee and discretionary share option schemes, and long term bonus scheme.

At 30 June 1995, the Employee Share Ownership Plan Trust owned 1,382,918 shares (1994 – 1,194,419 shares). Of this shareholding 743,951 shares (1994 – 748,329 shares) are under option to employees, and 617,500 shares (1994 – 420,000 shares) are held as a hedge for the long term bonus scheme.

The trustee has agreed under the Trust Deed dated 26 September 1990 to waive, at the company's discretion, all rights to any future dividends which may be payable on any shares in the company held in the trust, save 0.01p per share. Such waivers of dividends payable during the year ended 30 June 1995 amounted to £68,881 (1994 – £30,963).

NOTES TO THE ACCOUNTS

11 *Investments in associated undertakings and trade investments (continued)*

COMPANY	SUBSIDIARY UNDERTAKINGS			ASSOCIATED UNDERTAKINGS	OWN SHARES (ESOP)	TOTAL
	SHARES £'000	LOANS £'000	TOTAL £'000			
Cost						
1 July 1994	14,245	35,527	49,772	911	2,570	53,253
Additions	0	0	0	0	1,104	1,104
Disposals	0	0	0	0	(393)	(393)
30 June 1995	14,245	35,527	49,772	911	3,281	53,964
Provisions						
at 1 July 1994 and 30 June 1995	(787)	(5,662)	(6,449)	0	0	(6,449)
Net book value at 30 June 1995	13,458	29,865	43,323	911	3,281	47,515
Net book value at 30 June 1994	13,458	29,865	43,323	911	2,570	46,804

12 *Acquisitions*

On 21 September 1994, Logica Inc acquired the operations and certain assets and liabilities of the software division of Synercom Technology Inc for £2.6 million.

	BOOK VALUE AT 21 SEPTEMBER 1994 £'000	FAIR VALUE ADJUSTMENTS £'000	FAIR VALUE AT ACQUISITION £'000
Capitalised software	101	(101)	0
Tangible assets	460	62	522
Leasehold improvements	57	(57)	0
Other current assets	12	0	12
Creditors falling due in less than one year	0	(1,822)	(1,822)
Net assets acquired	630	(1,918)	(1,288)
Goodwill			3,905
Consideration			2,617
Satisfied by:			
Cash			2,543
Related costs of acquisition			74
			2,617

The fair value adjustments relate to the revaluation of tangible fixed assets and the alignment of accounting policies with those of the group.

During the year, the post-acquisition review and integration of Precision Software Corporation, acquired in May 1994, was completed. As a result, the initial estimate of goodwill made last year has been reduced by £103,000 as the more certain information now available allowed a reduction in the estimate of deferred consideration payable by £980,000 and an increase in the provisions required to align accounting policies by £877,000. This reduction in goodwill has been credited to reserves.

Provision has now been made for the best estimate of performance related deferred consideration payable up to June 1998. Should there be any significant variation from this estimate, it will be adjusted through reserves.

The acquisition made during the year had no material effect on turnover or profit before taxation.

NOTES TO THE ACCOUNTS

13 *Capital commitments*

	1995	1994
	£'000	£'000
Capital expenditure authorised and contracted	1,022	259
Capital expenditure authorised but not contracted	415	734

14 *Debtors*

	1995	1994
	£'000	£'000
Group		
Trade debtors	37,904	33,444
Amounts owed by associated undertakings	440	457
Other debtors	1,575	1,154
Pre-payments and accrued income	5,699	4,520
Amounts recoverable on contracts	16,422	15,415
Deferred taxation	514	200
Taxation recoverable	20	524
Advance corporation tax	50	60
	62,624	55,774
Company		
Amounts owed by subsidiary undertakings	486	0
Other debtors	763	655
Advance corporation tax	50	60
	1,299	715

15 *Creditors*

	1995	1994
	£'000	£'000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Group		
Payments received on account	4,699	5,059
Trade creditors	11,777	10,429
Accruals and other creditors	14,391	14,682
Amounts owed to associated undertakings	21	32
Finance lease liabilities	8	103
Taxation and other state creditors	12,784	9,855
Advance corporation tax	942	760
Dividends proposed	2,740	2,186
	47,362	43,106
Company		
Amounts owed to subsidiary undertakings	0	2,900
Accruals and other creditors	685	35
Advance corporation tax	42	60
Dividends proposed	2,740	2,186
	3,467	5,181

NOTES TO THE ACCOUNTS

16 *Creditors*

	1995	1994
	£'000	£'000
<hr/>		
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Finance lease liabilities over one and under five years	0	8
Other creditors	428	357
	428	365
<hr/>		

17 *Provisions for liabilities and charges*

Post-retirement benefits	1,452	1,539
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The group maintains insurance policies which are expected to, at a minimum, cover the costs of post-retirement benefits. Depending on investment returns and the period over which the premiums are paid, the group may receive additional returns. The annual charge to the profit and loss account in respect of current employees is £27,000 (1994 – £31,000).

The movement in the provision during the year represents the additional premiums paid of £136,000 (1994 – £276,000) less £91,000 (1994 – £196,000) charged to the profit and loss account in respect of current employees and beneficiaries who left the company during the year, and a favourable exchange movement of £42,000 (1994 – £60,000).

18 *Deferred taxation*

Full provision is made in the accounts for deferred taxation as follows:

	1995	1994
	£'000	£'000
<hr/>		
Accelerated capital allowances	(96)	169
Other short term timing differences	(381)	(340)
Foreign subsidiary undertakings	(37)	(29)
	(514)	(200)
<hr/>		
1 July 1994	(200)	(104)
Translation differences	2	(3)
(Release) in respect of current year	(316)	(93)
30 June 1995	(514)	(200)

The deferred taxation asset is included in note 14.

NOTES TO THE ACCOUNTS

19 *Other financial commitments*

At 30 June 1995 there were annual commitments under operating leases as follows:

	1995		1994	
	LAND AND BUILDINGS £'000	OTHER £'000	LAND AND BUILDINGS £'000	OTHER £'000
Expiring within one year	1,500	1,398	2,476	846
Expiring in the second to fifth years	3,744	4,234	3,238	3,041
Expiring after five years	5,815	0	5,239	0
	11,059	5,632	10,953	3,887

20 *Called up share capital*

	1995 £'000	1994 £'000
Authorised share capital 80,000,000 ordinary shares of 10p each	8,000	8,000
Called up share capital 62,188,841 ordinary shares of 10p each	6,219	6,178

During the year 409,214 shares were issued under share option schemes as follows:

GRANTED	EXERCISE PRICE (PENCE PER SHARE)	NUMBER EXERCISED
1985	165	10,905
1986	155	75,000
1986	206	40,000
1986	207	13,912
1987	275	5,640
1987	277	2,814
1987	310	26,000
1988	240	54,000
1989	295	63,949
1989	326	3,000
1990	166	7,893
1990	295	97,000
1991	200	2,806
1992	153	2,356
1992	186	3,000
1993	256	939
		409,214

During the year 808,321 options were granted over both unissued and existing shares under employee share option schemes at prices ranging from 266p to 349p and exercisable from 1995 to 2005. Options granted under SAYE schemes were granted at a 10% discount to market price. Discretionary options were granted at market price. Of the options granted during the year 342,500 options granted at 296p, 22,000 options granted at 296p, and 137,500 options granted at 349p only become exercisable if the middle market quotation of ordinary shares in the company, as derived from the London Stock Exchange Daily Official List, has been at least 450p, 400p, and 450p respectively on any 22 consecutive dealing days since the grant of the benefit. At 30 June 1995 there were 4,155,757 options which had been granted under employee share option schemes at prices ranging from 149p to 382p and exercisable from 1995 to 2005.

NOTES TO THE ACCOUNTS

21 *Shareholders' funds – equity*

	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	SPECIAL RESERVE £'000	OTHER RESERVES £'000	PROFIT AND LOSS ACCOUNT £'000	TOTAL £'000
Group						
1 July 1994	6,178	11,565	143	2,690	28,356	48,932
Exchange difference				20	903	923
Issue of share capital	41					41
Share premium account		957				957
Goodwill					(3,802)	(3,802)
Profit attributable to shareholders					13,150	13,150
Dividends paid and proposed					(3,800)	(3,800)
Transfers to other reserves				236	(236)	0
30 June 1995	6,219	12,522	143	2,946	34,571	56,401
Company						
1 July 1994	6,178	11,565	23,261	0	4,145	45,149
Issue of share capital	41					41
Share premium account		957				957
Profit attributable to shareholders					3,002	3,002
Dividends paid and proposed					(3,800)	(3,800)
30 June 1995	6,219	12,522	23,261	0	3,347	45,349

The cumulative amount of goodwill written off to reserves since 1 July 1990 amounts to £9,090,000 (1994 – £5,288,000).

22 *Net cash inflow from operating activities*

	1995 £'000	1994 £'000
Operating profit	19,405	12,845
Add: depreciation and loss on disposal of fixed assets	4,622	4,473
Less: profit on disposal of trade investment	(259)	0
Debtors – (increase)/decrease	(6,110)	(12,610)
Creditors – (decrease)/increase	(740)	6,962
	16,918	11,670

NOTES TO THE ACCOUNTS

23 *Analysis of cash balances*

	BALANCE AT 1 JULY 1994 £'000	CASH INFLOW /(OUTFLOW) £'000	EXCHANGE DIFFERENCES £'000	BALANCE AT 30 JUNE 1995 £'000
Cash at bank and in hand	17,205	466	646	18,317
Bank loans and overdrafts	(1,859)	540	35	(1,284)
Total cash and cash equivalents	15,346	1,006	681	17,033

Cash and cash equivalents represent balances net of advances that are within three months of maturity at the date of their inception.

24 *Contingent liabilities*

Subsidiary undertakings have provided indemnities to their bankers in support of performance bonds and guarantees amounting to £7,359,000 (1994 – £7,222,000). The company provides certain guarantees for its subsidiary undertakings in the normal course of business.

25 *Principal operating subsidiary undertakings*

Logica UK Limited (England)
 Logica BV (Netherlands)*
 Logica GmbH (Germany)*
 Logica Informatik AG (Switzerland)*
 Logica SA (Belgium)*
 Logica Svenska AB (Sweden)*
 Logica s.r.o. (Czech Republic)*
 Logica Inc (USA)* – formerly Logica North America Inc
 Logica Pty Limited (Australia)*
 Logica New Zealand Limited (New Zealand)*
 Logica Limited (Hong Kong)*
 Logica (Malaysia) Sdn Bhd (Malaysia)*
 Logica Pte Limited (Singapore)*

All subsidiaries are wholly owned and principally operate in their country of incorporation.

* *The shareholdings in these companies are held by a wholly owned subsidiary of the parent undertaking*

26 *Associated undertakings*

Logicasiel SpA (Italy) is owned 55% by Data Management SpA and 45% by Logica, which holds 613,642 ordinary shares of 1,000 lire each.

Speedwing Logica Limited (England) is owned 51% by British Airways and 49% by Logica, which holds 4,900 ordinary B shares of £1 each.

Associates principally operate in their country of incorporation.

WORLDWIDE ADDRESSES

 **UNITED KINGDOM**
Logica plc
Logica UK Limited
Logica International
Limited

registered office
Stephenson House
75 Hampstead Road
London NW1 2PL
tel +44 171 637 9111
fax +44 171 468 7006

68 Newman Street
London W1A 4SE

51-53 Great
Marlborough Street
London W1V 1HL

Medina House and
Byron House
Business Park No 4
Randalls Way
Leatherhead
Surrey KT22 7TW

Cobham Park
Downside Road
Cobham
Surrey KT11 3LG

Wyndham Court
74 Portsmonth Road
Cobham
Surrey KT11 3LG

Regent House
Hubert Road
Brentwood
Essex CM14 4JE

Betjeman House
104 Hills Road
Cambridge CB2 1LQ

North Quay
Temple Back
Bristol
BS1 6FL

Hilton House
Lord Street
Stockport SK1 3NA

2 Queen's Gardens
Aberdeen AB1 6YD

*telephone number for
the above addresses*
+44 171 637 9111

 **NETHERLANDS**
Logica BV

Wijnhaven 69
3011 WJ Rotterdam
tel +31 10 4330844
fax +31 10 4331447

Brugstraat 32B
9711 HZ Groningen
tel +31 50 3145666
fax +31 50 3141309

Het Kasteel
3441 BZ Woerden
tel +31 348 572555
fax +31 348 424970

 **GERMANY**
Logica GmbH
Lyoner Strasse 14
60528 Frankfurt
tel +49 6155 87480
fax +49 6155 66153

 **SWITZERLAND**
Logica Informatik AG
Schaffhauserstrasse 358
CH-8050 Zurich
tel +41 1 313 10 10
fax +41 1 313 10 40

Logica Informatique SA
Rue du Tir 3
CH-1204 Geneva
tel +41 22 329 03 29
fax +41 22 329 03 45

 **BELGIUM**
Logica SA/NV
Rue Colonel
Bourgstraat 105
1140 Brussels
tel +32 2 512 9976
fax +32 2 512 9869

 **SWEDEN**
Logica Svenska AB
Solna Torg 19
171 45 Solna
tel +46 8 705 7700
fax +46 8 730 3855

 **ITALY**
Logicasiel SpA
a joint venture
company with Finsiel

Via Leone XIII 14
20145 Milan
tel +39 2 485941
fax +39 2 480 08312

Via San Vitale 40/3
40125 Bologna
tel +39 51 294411
fax +39 51 294449

Corso Svizzera 185
10149 Turin
tel +39 11 7428 711
fax +39 11 7716 446

Via Corte d'Assise 8
10015 Ivrea (Torino)
tel +39 125 49223
fax +39 125 44357

 **CZECH REPUBLIC**
Logica s.r.o.
Václavské nám. 66 /
Mezibranská 23
110 00 Prague 1
tel +42 2 2422 5139
fax +42 2 2422 5431

 **NORTH AMERICA**
Logica Inc

32 Hartwell Avenue
Lexington
MA 02173
tel +1 617 476 8000
fax +1 617 476 8010

5 Penn Plaza
21st Floor
New York
NY 10001
tel +1 212 629 3456
fax +1 212 631 0269

800 Corporate Drive
Suite 600
Fort Lauderdale
FL 33334
tel +1 305 938 8288
fax +1 305 772 8475

353 Sacramento Street
Suite 2300
San Francisco
CA 94111-3650
tel +1 415 288 5200
fax +1 415 288 5299

229 McLaws Circle
Williamsburg
VA 23185
tel +1 804 229 4433
fax +1 804 229 8892

Synercom
a division of Logica Inc
2500 City West
Boulevard
Suite 1100
Houston
Texas 77042
tel +1 713 954 7000
fax +1 713 785 0880

 **CANADA**
Logica Inc
55 University Avenue
Suite 1710
PO Box 53
Toronto
Ontario M5J2H7
tel +1 416 594 6661
fax +1 416 594 1667

 **SAUDI ARABIA**
Logica UK Limited's
agent in Saudi Arabia
for the finance sector is:
Wessmiah Company
Limited
PO Box 9100
Riyadh 11413
tel +966 1 403 4331
fax +966 1 401 1605

 **UNITED ARAB
EMIRATES**
representative office of
Logica UK Limited
Logica Middle East
PO Box 26379
City Tower 1
Dubai
tel +971 4 313 220
fax +971 4 312 003

 **AUSTRALIA**
Logica Pty Limited

30 Collins Street
Melbourne
Victoria 3000
tel +61 3 9203 4300
fax +61 3 9203 4333

Level 5, 76 Berry Street
North Sydney
NSW 2060
tel +61 2 202 8100
fax +61 2 9922 7466
from August 1996
tel +61 2 9202 8100

 **NEW ZEALAND**
Logica New Zealand
Limited
Level 14
Microsoft House
49 Boulcott Street
PO Box 1436
Wellington
tel +64 4 499 9490
fax +64 4 499 9491

 **HONG KONG**
Logica Limited
4th Floor
Chung Nam Building
1 Lockhart Road
Wanchai
tel +852 2866 2663
fax +852 2520 1806

 **MALAYSIA**
Logica (Malaysia) Sdn
Bhd
5th Floor Bangunan
Getah Asli (Menara)
Letter Box 30
148 Jalan Ampang
50450 Kuala Lumpur
tel +603 262 4878
fax +603 262 4557

 **SINGAPORE**
Logica Pte Ltd
PIL Building
140 Cecil Street, #16-04
Singapore 0106
tel +65 223 5343
fax +65 223 4475

 **JAPAN**
Logica can be contacted
in Japan via:
Mitsui & Co., Ltd
2-1, Ohtemachi 1-chome
Chiyoda-ku, Tokyo 100
tel +81 3 3285 7910
fax +81 3 3285 9925

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