

# LOGICA

ANNUAL REPORT 1995

ENTREGANDO EL FUTURO

移交未來

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



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**We provide  
consultancy and information  
technology solutions to meet  
the business needs of  
leading organisations worldwide**



## *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.

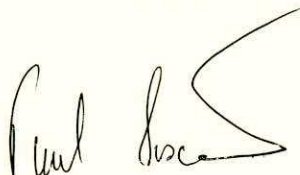
Last year, I reported that we were seeking to strengthen the board through the appointment of additional non-executive directors. We have been fortunate in securing the services of three exceptionally capable people – Frank Barlow, Elizabeth Filkin and Richard Wakeling. Two executive directors, Andrew 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%.*

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

\* Consolidated turnover excludes the turnover of associated undertakings

\*\* Earnings per share excludes extraordinary items

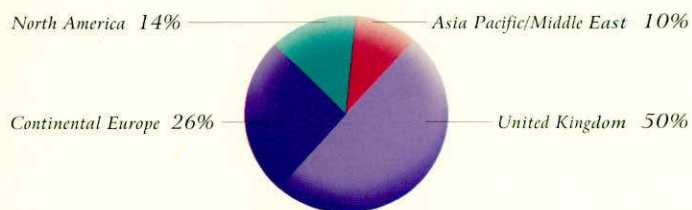
\*\*\* Staff numbers exclude staff employed by associated undertakings

**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.

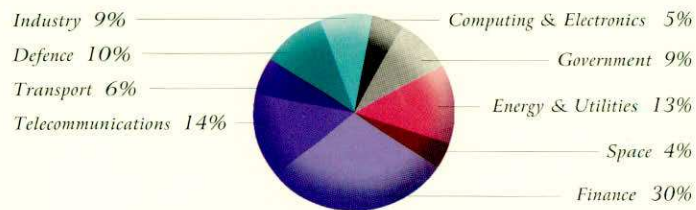
**Continental Europe** operating profits grew 26% on revenues up 21%. Margins were in excess of 10%. This performance was as a result of substantial investment in our sales force to generate new business and a tight focus on operational control. In the Netherlands excellent performance was achieved: 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.

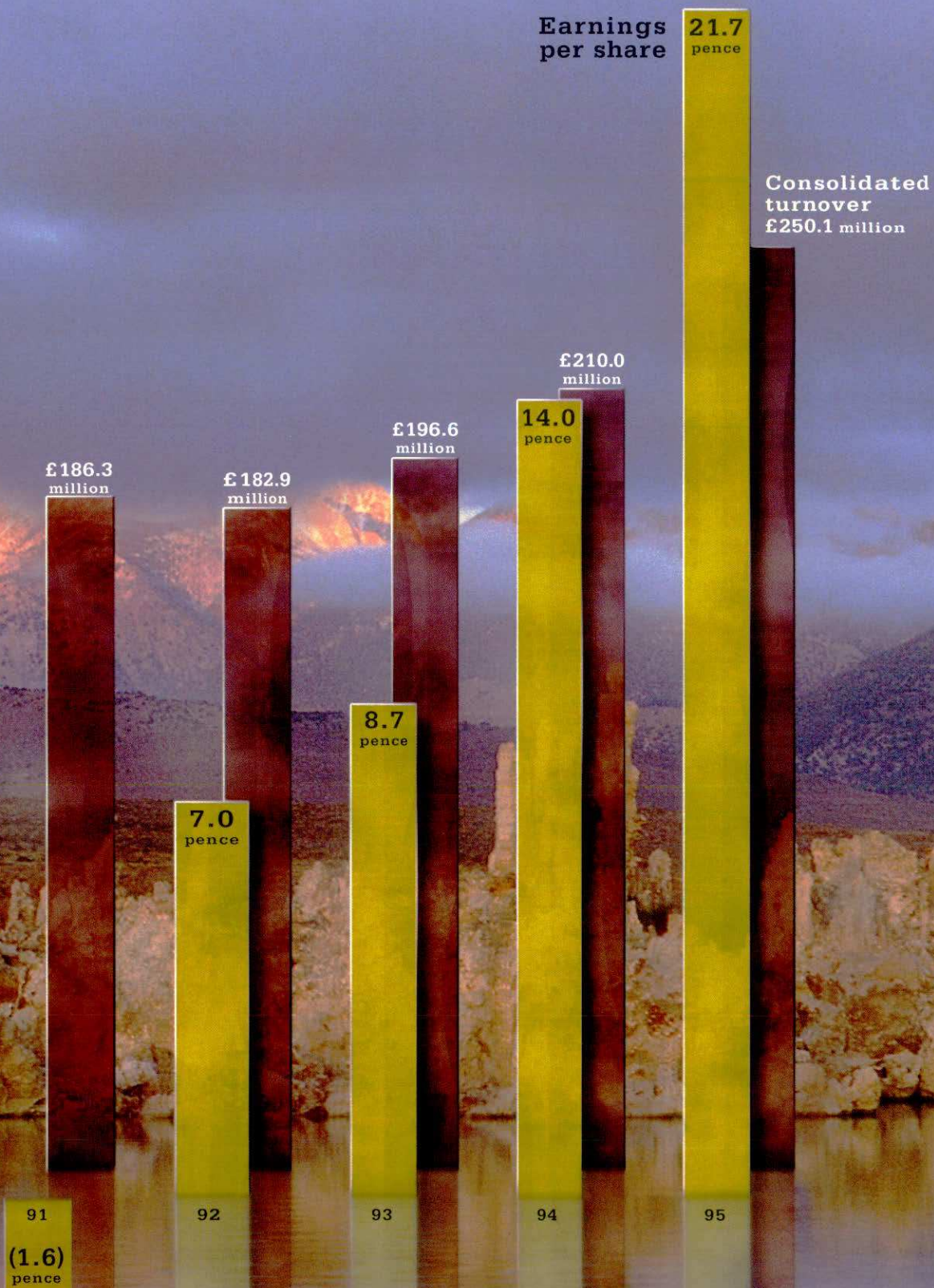
**Staff** numbers in the wholly owned subsidiaries in the group rose 13%; including our associated companies, total staff numbers reached over 3,800. This growth resulted from a combination of recruitment of experienced staff, with a particular emphasis on sales and marketing, and further graduate recruitment. 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.*

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.

CLIENT <b>Illinois Power</b>	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.
MARKET SECTOR <b>Energy &amp; utilities</b>	
LOCATION <b>USA</b>	
CLIENT SERVICE <b>Development of the industry's first integrated work management system to improve efficiency and reduce operating costs</b>	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







## SERVICE TO CLIENTS

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<b>CLIENT</b> <b>Dutch PTT</b>	<b>DESCRIPTION</b> <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>
<b>MARKET SECTOR</b> <b>Telecommunications</b>	
<b>LOCATION</b> <b>Netherlands</b>	
<b>CLIENT SERVICE</b> <b>Co-ordination, implementation and integration of a nationwide programme</b>	
	<b>CLIENT VIEW</b> <p>"The Logica staff knew our organisation and the systems from working on previous business projects. They also brought to DeciBel part of the knowledge and experience which is essential for the implementation of this sort of large project. Thanks to the excellent team spirit, the skill and the enthusiasm among all the staff that have contributed to the project in the last few years, it has been possible to complete this huge operation within the given deadline." Wim van den Berg, programme manager, PTT Telecom.</p>
<b>CLIENT</b> <b>United Arab Emirates Central Bank</b>	<b>DESCRIPTION</b> <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>
<b>MARKET SECTOR</b> <b>Finance</b>	
<b>LOCATION</b> <b>United Arab Emirates</b>	
<b>CLIENT SERVICE</b> <b>Automated teller machine/point of sale facilities for customers throughout the United Arab Emirates</b>	<b>CLIENT VIEW</b> <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>





<b>CLIENT</b> <b>HM Customs &amp; Excise</b>	<b>DESCRIPTION</b> <p>In April 1995, the in-house information technology and services team of HM Customs &amp; 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 &amp; 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 &amp; 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>
<b>MARKET SECTOR</b> <b>Government</b>	
<b>LOCATION</b> <b>UK</b>	
<b>CLIENT SERVICE</b> <b>Support to the HM Customs &amp; Excise in-house information technology and services team in order to win a £100 million contract</b>	<b>CLIENT VIEW</b> <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 &amp; Excise.</p>
<b>CLIENT</b> <b>Southern New England Telephone (SNET)</b>	<b>DESCRIPTION</b> <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>
<b>MARKET SECTOR</b> <b>Telecommunications</b>	
<b>LOCATION</b> <b>USA</b>	
<b>CLIENT SERVICE</b> <b>Participation in creative design services for video-on-demand navigator, plus overall technical systems integration and facilities management</b>	<b>CLIENT VIEW</b> <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.

<p>CLIENT <b>Irish Real Time Inter-Bank Settlement Company</b></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 <b>Finance</b></p>	
<p>LOCATION <b>Republic of Ireland</b></p>	
<p>INTERNATIONALISM <b>Facilitating the Irish banking community's fuller participation in European Monetary Union and eliminating settlement risk</b></p>	<p>CLIENT VIEW "With their experience of other high-value payment systems, Logica's consultants, together with S.W.I.F.T., have been particularly effective in helping our members analyse the implications of the many business and technological choices that have to be made in specifying this new system. Based upon their contribution to the requirements specification, we are very happy to entrust them with the development of this important system." Jerry Teehan, project manager for the Irish Real Time Inter-Bank Settlement Company.</p>







## INTERNATIONAL INFRASTRUCTURE

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CLIENT <b>DHL</b>	<p><b>DESCRIPTION</b></p> <p>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>
MARKET SECTOR <b>Transport</b>	
LOCATION <b>Belgium and UK</b>	
INTERNATIONALISM <b>Development of enhanced customer service system to increase Europe-wide sales</b>	<p><b>CLIENT VIEW</b></p> <p>"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>

CLIENT <b>Koeneman Capital Management Pte Limited</b>	<p><b>DESCRIPTION</b></p> <p>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>
MARKET SECTOR <b>Finance</b>	
LOCATION <b>Singapore</b>	
INTERNATIONALISM <b>Implementation of global investment management capabilities</b>	<p><b>CLIENT VIEW</b></p> <p>"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>





<b>CLIENT</b> <b>CYTA, Cyprus telecommunications authority</b>	<b>DESCRIPTION</b> <p>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>
<b>MARKET SECTOR</b> <b>Telecommunications</b>	
<b>LOCATION</b> <b>Cyprus</b>	
<b>INTERNATIONALISM</b> <b>Export of UK software development expertise to Cyprus</b>	<b>CLIENT VIEW</b> <p>"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>

<b>CLIENT</b> <b>Bank Gdański</b>	<b>DESCRIPTION</b> <p>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>
<b>MARKET SECTOR</b> <b>Finance</b>	
<b>LOCATION</b> <b>Poland</b>	
<b>INTERNATIONALISM</b> <b>Product support and consultancy to help rapidly developing Polish national bank introduce new world class services</b>	<b>CLIENT VIEW</b> <p>"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 &amp; ATMs department, Bank Gdański SA.</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.

CLIENT <b>Reuters</b>	<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>
MARKET SECTOR <b>Media</b>	
LOCATION <b>Worldwide</b>	
STAFF AND SKILLS <b>Participation in a multi-disciplinary global team, bringing specialised user interface skills</b>	<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

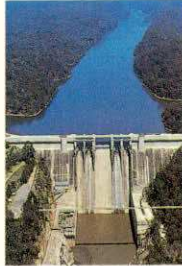
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<b>CLIENT</b> <b>Sydney Water Corporation Limited</b>	<b>DESCRIPTION</b> <p>To serve the four million people in and around Sydney, the Sydney Water Corporation commissioned Logica to deliver a control and monitoring system known as IICATS (integrated 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>
<b>MARKET SECTOR</b> <b>Energy &amp; utilities</b>	
<b>LOCATION</b> <b>Australia</b>	
<b>STAFF AND SKILLS</b> <b>Transfer of products, staff and expertise between the UK and Australia on complex systems development</b>	<b>CLIENT VIEW</b> <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>

<b>CLIENT</b> <b>Ford Motor Company</b>	<b>DESCRIPTION</b> <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>
<b>MARKET SECTOR</b> <b>Industry</b>	
<b>LOCATION</b> <b>UK, Germany and the USA</b>	
<b>STAFF AND SKILLS</b> <b>Joint international developments to support Ford business objectives, resulting in internal excellence awards for Ford and Logica staff</b>	<b>CLIENT VIEW</b> <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>





<b>CLIENT</b> <b>Bankgesellschaft Berlin</b>	<b>DESCRIPTION</b> 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.
<b>MARKET SECTOR</b> <b>Finance</b>	
<b>LOCATION</b> <b>Germany</b>	
<b>STAFF AND SKILLS</b> <b>Strategic consultancy and implementation as part of a team involving three merged banks</b>	

<b>CLIENT</b> <b>IBM UK</b>	<b>DESCRIPTION</b> 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.
<b>MARKET SECTOR</b> <b>Computing and electronics</b>	
<b>LOCATION</b> <b>UK</b>	
<b>STAFF AND SKILLS</b> <b>Industry award of excellence for the fifth year running</b>	<b>CLIENT VIEW</b> "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.



## 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.

<b>CLIENT</b> <b>Loral Federal Systems,</b> <b>prime contractor to the UK</b> <b>Civil Aviation Authority</b>	<b>DESCRIPTION</b> <p>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>
<b>MARKET SECTOR</b> <b>Transport</b>	
<b>LOCATION</b> <b>UK</b>	
<b>TECHNOLOGY</b> <b>User interface design,</b> <b>safety analysis and</b> <b>production of the control</b> <b>and monitoring system for</b> <b>Europe's most advanced</b> <b>air traffic control centre</b>	
	<b>CLIENT VIEW</b> <p>"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>





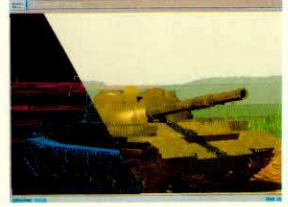
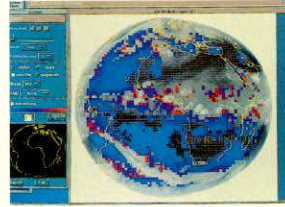


## TECHNICAL EXCELLENCE

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<b>CLIENT</b> <b>Swinton Group Limited</b>	<b>DESCRIPTION</b> <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>
<b>MARKET SECTOR</b> <b>Insurance</b>	
<b>LOCATION</b> <b>UK</b>	
<b>TECHNOLOGY</b> <b>An integrated computer and telephony system to support Swinton's competitive business drive and improve customer service</b>	
	<b>CLIENT VIEW</b> <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>
<b>CLIENT</b> <b>SMART (Scandinavian Multi Access Reservation Systems)</b>	<b>DESCRIPTION</b> <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 &amp; Res'. The Ring &amp; 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>
<b>MARKET SECTOR</b> <b>Transport</b>	
<b>LOCATION</b> <b>Sweden</b>	
<b>TECHNOLOGY</b> <b>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</b>	
	<b>CLIENT VIEW</b> <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 &amp; 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>





<b>CLIENT</b> <b>European Meteorological Satellite Organisation (EUMETSAT)</b>	<b>DESCRIPTION</b> <p>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>
<b>MARKET SECTOR</b> <b>Space</b>	
<b>LOCATION</b> <b>Germany</b>	
<b>TECHNOLOGY</b> <b>A satellite data extraction system providing weather bulletins for worldwide distribution every 30 minutes</b>	
	<b>CLIENT VIEW</b> <p>"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>
<b>CLIENT</b> <b>British Aerospace Defence and consortium partners</b>	<b>DESCRIPTION</b> <p>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>
<b>MARKET SECTOR</b> <b>Defence</b>	
<b>LOCATION</b> <b>UK, France and Germany</b>	
<b>TECHNOLOGY</b> <b>State-of-the-art image simulation for modelling defence equipment and scenarios, reducing cost and environmental impact</b>	
	<b>CLIENT VIEW</b> <p>"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>



*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  
Koenenman 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  
Telelobe 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  
Consortiali) - 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  
SAT Systems SA  
Tecnospazio



## LOGICA PLC BOARD AND SENIOR MANAGEMENT

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

<i>P G Bosonnet</i> (non-executive chairman) †**	
<i>M P Read</i> (managing director and chief executive) †*	
<i>M M Anid</i> *	
<i>F Barlow</i> ‡	<i>R P Newton</i> *
<i>D Craig</i> †*	<i>C S F Preddy</i> †*
<i>E Filkin</i> ‡	<i>L A Taylor</i> ‡
<i>A F Given</i> †*	<i>P J Vinken</i> ‡
<i>P A B Hughes</i> ‡	<i>R Wakeling</i> ‡
<i>J A P McKenna</i> *	<i>J I Yates</i> *

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

- 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
<b>Total recognised gains and losses</b>		<b>14,073</b>	<b>8,636</b>

*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
<b>Fixed assets</b>					
Tangible assets	10	19,940		17,720	
Investments	11	6,046		5,102	
			<b>25,986</b>		<b>22,822</b>
<b>Current assets</b>					
Debtors	14	62,624		55,774	
Cash at bank and in hand		18,317		17,205	
		80,941		72,979	
<b>Creditors – amounts falling due within one year</b>					
Bank loans and overdrafts		(1,284)		(1,859)	
Other	15	(47,362)		(43,106)	
		(48,646)		(44,965)	
<b>Net current assets</b>			<b>32,295</b>		<b>28,014</b>
<b>Total assets less current liabilities</b>			58,281		50,836
Creditors – amounts falling due after more than one year	16		(428)		(365)
Provisions for liabilities and charges	17		(1,452)		(1,539)
<b>Net assets</b>			<b>56,401</b>		<b>48,932</b>
<b>Capital and reserves</b>					
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
<b>Shareholders' funds – equity</b>			<b>56,401</b>		<b>48,932</b>

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
<b>Net cash inflow from operating activities</b>	22	<b>16,918</b>	<b>11,670</b>
<b>Returns on investments and servicing of finance</b>			
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)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(2,598)</b>	<b>(1,876)</b>
<b>Taxation</b>			
United Kingdom corporation tax paid		(2,724)	(2,013)
Overseas tax paid		(2,134)	(1,983)
<b>Tax paid</b>		<b>(4,858)</b>	<b>(3,996)</b>
<b>Investing activities</b>			
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
<b>Net cash outflow from investing activities</b>		<b>(9,380)</b>	<b>(8,297)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>82</b>	<b>(2,499)</b>
<b>Financing</b>			
Shares issued (net of expenses)		998	499
Short term deposits	23	0	4,646
Capital element of finance lease rental payments		(74)	(93)
<b>Net cash inflow from financing</b>		<b>924</b>	<b>5,052</b>
<b>Increase in cash and cash equivalents</b>	23	<b>1,006</b>	<b>2,553</b>



## FINANCIAL STATEMENTS

- Company balance sheet*

AT 30 JUNE	NOTE	1995		1994	
		£'000	£'000	£'000	£'000
<b>Fixed assets – investments</b>	11		<b>47,515</b>		<b>46,804</b>
<b>Current assets</b>					
Debtors	14	1,299		715	
Cash at bank and in hand		2		2,811	
		1,301		3,526	
<b>Creditors – amounts falling due within one year</b>	15	(3,467)		(5,181)	
<b>Net current liabilities</b>			<b>(2,166)</b>		<b>(1,655)</b>
<b>Total assets less current liabilities</b>			<b>45,349</b>		<b>45,149</b>
<b>Capital and reserves</b>					
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
<b>Shareholders' funds – equity</b>			<b>45,349</b>		<b>45,149</b>

**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	<b>261,576</b>	<b>224,213</b>	<b>(11,441)</b>	<b>(14,261)</b>	<b>250,135</b>	<b>209,952</b>
		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)		
		<b>42,108</b>	<b>35,772</b>	<b>19,405</b>	<b>12,845</b>		
	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	<b>56,401</b>	<b>48,932</b>	<b>20,310</b>	<b>13,543</b>		
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	<b>250,135</b>	<b>209,952</b>				

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
<b>Consolidated turnover</b>		<b>250,135</b>	<b>209,952</b>
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
<b>Operating profit</b>		<b>19,405</b>	<b>12,845</b>
Share of profits of associated undertakings		429	203
<b>Profit on ordinary activities before interest</b>		<b>19,834</b>	<b>13,048</b>

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
	<b>127,362</b>	<b>110,235</b>

*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 £'000	1994 £'000	CONTRIBUTIONS 1995 £'000	1994 £'000	BONUS 1995 £'000	1994 £'000
<b>Chairman and executive directors</b>										
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	—	—
<b>Subtotal</b>	778	173	43	135	1,129	1,227	94	161	35	—
<b>Non-executive directors</b>										
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	—	—	—	—	—
<b>Subtotal</b>	71	—	—	—	71	46	—	—	—	—
<b>Total</b>	<b>849</b>	<b>173</b>	<b>43</b>	<b>135</b>	<b>1,200</b>	<b>1,273</b>	<b>94</b>	<b>161</b>	<b>35</b>	<b>—</b>

\* 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 HELD AT 1 JULY 1994	OPTIONS GRANTED DURING THE YEAR AT 266p	AT 296p	OPTIONS HELD AT 30 JUNE 1995	WEIGHTED AVERAGE EXERCISE PRICE	EARLIEST DATE BY WHICH ALL OPTIONS BECOME 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
<b>Total</b>	<b>429,896</b>	<b>3,787</b>	<b>897</b>	<b>434,580</b>		

## 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
<b>Total</b>	<b>429,896</b>	<b>3,787</b>	<b>897</b>	<b>434,580</b>

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		UNITS EXERCISED	UNITS HELD AT	WEIGHTED
	1 JULY	DURING THE YEAR		DURING THE	30 JUNE	AVERAGE
	1994	AT 267p	AT 304p	YEAR AT 315p	1995	GRANT PRICE
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
<b>Total</b>	<b>463,000</b>	<b>100,000</b>	<b>150,000</b>	<b>(50,000)</b>	<b>663,000</b>	

## 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
<b>Total</b>	<b>463,000</b>	<b>100,000</b>	<b>150,000</b>	<b>(50,000)</b>	<b>663,000</b>

\* 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)
	<b>476</b>	<b>495</b>



## NOTES TO THE ACCOUNTS

6 *Taxation*

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

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

8 *Profit attributable to members of the holding company*

	1995 £ '000	1994 £ '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
<b>Cost</b>				
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
<b>Depreciation</b>				
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
<b>Net book value at 30 June 1995</b>	<b>3,380</b>	<b>4,915</b>	<b>11,645</b>	<b>19,940</b>
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					
	SHARES	RETAINED	TOTAL	TRADE INVESTMENTS	OWN SHARES (ESOP)	TOTAL
	AT COST	PROFITS				
	£'000	£'000	£'000	£'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
<b>30 June 1995</b>	<b>911</b>	<b>980</b>	<b>1,891</b>	<b>476</b>	<b>3,679</b>	<b>6,046</b>

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			
<b>Cost</b>						
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
<b>Provisions</b>						
at 1 July 1994 and 30 June 1995	(787)	(5,662)	(6,449)	0	0	(6,449)
<b>Net book value at 30 June 1995</b>	<b>13,458</b>	<b>29,865</b>	<b>43,323</b>	<b>911</b>	<b>3,281</b>	<b>47,515</b>
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)
<b>Net assets acquired</b>	<b>630</b>	<b>(1,918)</b>	<b>(1,288)</b>
Goodwill			3,905
Consideration			2,617
Satisfied by:			
Cash			2,543
Related costs of acquisition			74
			<b>2,617</b>

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
<b>Group</b>		
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
	<b>62,624</b>	<b>55,774</b>
<b>Company</b>		
Amounts owed by subsidiary undertakings	486	0
Other debtors	763	655
Advance corporation tax	50	60
	<b>1,299</b>	<b>715</b>

15 *Creditors*

	1995	1994
	£'000	£'000
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
<b>Group</b>		
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
	<b>47,362</b>	<b>43,106</b>
<b>Company</b>		
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
	<b>3,467</b>	<b>5,181</b>



## NOTES TO THE ACCOUNTS

16 *Creditors*

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

17 *Provisions for liabilities and charges*

Post-retirement benefits	<b>1,452</b>	<b>1,539</b>
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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
Accelerated capital allowances	(96)	169
Other short term timing differences	(381)	(340)
Foreign subsidiary undertakings	(37)	(29)
	<b>(514)</b>	<b>(200)</b>
1 July 1994	(200)	(104)
Translation differences	2	(3)
(Release) in respect of current year	(316)	(93)
<b>30 June 1995</b>	<b>(514)</b>	<b>(200)</b>

*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	OTHER	LAND AND BUILDINGS	OTHER
	£'000	£'000	£'000	£'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
	<b>11,059</b>	<b>5,632</b>	<b>10,953</b>	<b>3,887</b>

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
		<b>409,214</b>

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
<b>Group</b>						
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
<b>30 June 1995</b>	<b>6,219</b>	<b>12,522</b>	<b>143</b>	<b>2,946</b>	<b>34,571</b>	<b>56,401</b>
<b>Company</b>						
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)
<b>30 June 1995</b>	<b>6,219</b>	<b>12,522</b>	<b>23,261</b>	<b>0</b>	<b>3,347</b>	<b>45,349</b>

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
	<b>16,918</b>	<b>11,670</b>



## 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	<b>15,346</b>	<b>1,006</b>	<b>681</b>	<b>17,033</b>

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.



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