

# Unisys Limited

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Registered No 103709

## Report and Financial Statements

31 December 2009



## DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2009

### RESULTS AND DIVIDENDS

The company's loss for the year after taxation amounted to £4,413,000 (2008 profit after taxation £7,085,000) and the company's retained losses carried forward at 31 December 2009 were £183,366,000 (2008 £133,935,000) The directors do not recommend payment of any dividends for the year (2008 £nil)

### PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the provision of computer related products and services to the UK market place This comprises the marketing, service and distribution of computer products for recording, storing, processing and communicating data

The primary vertical markets served by the company include the public sector, financial services and other commercial markets including communications and transportation

Products and services are marketed primarily through a direct sales force The company uses a select group of alliance partners to market and complement its services and product portfolio

Our business is affected by rapid change in technology in the information services and technology industries and aggressive competition from many domestic and overseas companies Principal competitors are systems integrators, consulting and other professional services firms, outsourcing providers, infrastructure service providers, computer hardware manufacturers and software providers Our outsourcing services also compete directly with in-house operation in industry and government We compete primarily on the basis of service, product performance, technological innovation and price

The financial statements show the accounts of Unisys Limited on a non-consolidated basis The Directors' have decided to take advantage of the exemption available under s401 of the Companies Act 2006 and have not prepared group accounts

The directors monitor the company's progress against its strategic business objectives and the financial performance of the company's operations on a regular basis As part of this process and the company's annual budgetary process, the most significant key performance indicators used by the company are turnover, cost management, profitability and cash flow

Turnover for the year ended 31 December 2009 was £181,422,000 which is a 2% increase over the prior year turnover This increase is principally due to an increase in services and outsourcing business

The loss before tax for the year ended 31 December 2009 was £3,190,000 which represents 140% decline over the profit before tax for the year ended 31 December 2008 of £8,069,000 This decrease in profitability is principally due to an increase in pension related costs and lower net interest receivable offset by the increase in turnover The directors will continue to closely monitor the performance of the business and take appropriate actions to improve profitability for the future

The company will continue to provide computer related products and services to the UK market place and is expected to do so in the future

The company's future results will depend on its ability to retain significant clients The company's future results will also depend, in part, on its ability to grow outsourcing and drive profitable growth in consulting and systems integration Future results will also depend, in part, on demand for the company's high-end enterprise servers and maintenance on these servers

On 31 August 2010 the company sold one of its wholly owned subsidiary companies, Unisys Insurance Services Limited, which provided outsourced intermediary services to insurance companies in the United Kingdom to a third party Further details of this transaction are reported in Note 22 to the financial statements

## DIRECTORS' REPORT

### PRINCIPAL RISKS AND UNCERTAINTIES

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board regularly reviews and agrees policies for managing these risks.

The directors do not consider the company to have any significant exposure to interest rate risk as all debts are in the form of loan facilities provided by other Unisys Corporation group companies. The company either deposits surplus funds with reputable UK banks or makes short term loans to other Unisys Corporation group companies. The company does not trade in interest rate or currency derivatives.

Potential exposures to foreign currency exchange rate movements are monitored through rolling cash flow forecasts in all currencies in which the company trades. These are reviewed regularly by the Board of Directors and appropriate actions taken to manage any open foreign currency positions.

The company manages its liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits or bank overdrafts and short term funding to or from other Unisys Corporation group companies.

The company trades only with reputable UK customers and other Unisys group companies and as such the directors consider the company has only a low exposure to credit risk.

The public sector is an important part of the company's business. Changes in the priorities of government spending could have a material impact on the company's revenue and profitability.

The company's operations are affected by the economic and business environment. The company's 2009 financial results were impacted by an economic slowdown in the second half of the year. The company saw this slowdown particularly in the financial services sector but also in other key commercial industries as clients reacted to economic uncertainties by reducing IT spending. Decreased demand for the company's services and products impacted its revenues and profit margins for the year. If current conditions continue or worsen, including if the company's customers are unable to obtain financing to purchase the company's services and products due to tight credit conditions, the company could see further reductions in demand and increased pressure on turnover and profit margins. The company could also see a further consolidation of firms in the financial services industry which could also result in a decrease in demand.

The success of the company's business is dependent on strong long term relationships and on its reputation for responsiveness and quality. The company may face damage to its reputation or legal liability if its products or services do not meet customer expectations. The directors consider this to be low risk as the company retains a good reputation and is continuing to meet customer expectations.

The company has unfunded obligations under its defined benefit pension plan. A further deterioration in the value of the company's defined benefit pension plan assets or increase in the pension plan liabilities could require the company to make larger cash contributions to its defined benefit pension plan in the future.

### ENVIRONMENTAL MATTERS

The company's capital expenditures, earnings and its competitive position have not been materially affected by compliance with laws regulating the protection of the environment.

### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the open market value of the freehold land and buildings of the Customer Service Centre at Milton Keynes at 31 December 2009 is not significantly different from the net book value of £10,809,000.

## DIRECTORS' REPORT

### FIXED ASSETS

The details of the fixed assets movement are shown in note 8

### RESEARCH AND DEVELOPMENT

Expenditure on software development undertaken for applications specific to the United Kingdom market place is borne by the company. Where evaluation as to the commercial and technical feasibility of the product is confirmed, development expenditure is capitalised. This expenditure is written off at rates appropriate to the commercial life of the processes and products.

### CHARITABLE AND POLITICAL DONATIONS

Donations made by the company for charitable purposes in the United Kingdom amounted to £15,000 (2008 £21,909). No political contributions were made during the year.

### DISABLED EMPLOYEES

It is the company's policy to give full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment and promotion where appropriate.

### EMPLOYEE INVOLVEMENT

It is the company's policy that there should be effective communication with all employees who, subject to practical and commercial consideration, should be consulted on and involved in decisions that affect their current jobs or future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of the company, but in all cases, the emphasis is on communication at the local level. The company has a policy of informing employees of the affairs of the company by a series of internal newsletters, regular broadcasts and increased use of the Intranet.

### DIRECTORS AND THEIR INTERESTS

The directors during the year and to the date of this report are listed below:

M Gould	
J Room	(Resigned 24 April 2009)
D Tait	(Resigned 1 October 2009)
M Piercy	
I Snadden	(Appointed 14 March 2008, resigned 22 May 2009)
R Chapman	(Appointed 1 October 2009)

The directors at 31 December 2009 had no interests, nor options, in the ordinary share capital of the company at the beginning or end of the year.

Unisys Corporation, the company's ultimate parent company, has granted an indemnity to one or more of the company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Section 232. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**DIRECTORS' REPORT**

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

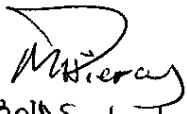
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

M Piercy  
Director  
Date

  
30<sup>th</sup> September 2010

Registered No 103709

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## KPMG LLP

*Arlington Business Park*

*Theale*

*Reading RG7 4SD*

*United Kingdom*

### **Independent auditors' report to the members of Unisys Limited**

We have audited the financial statements of Unisys Limited for the year ended 31 December 2009 set out on pages 9-26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*W Southwood*

W Southwood (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

*30 September 2010*



# Unisys Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009

	<i>Note</i>	<i>2009</i> £'000	<i>2008</i> £'000
<b>TURNOVER</b>	2	181,422	177,137
Cost of sales		(128,865)	(114,206)
<b>GROSS PROFIT</b>		<u>52,557</u>	<u>62,931</u>
Administrative and distribution costs		(45,382)	(50,903)
<b>OPERATING PROFIT</b>	3	7,175	12,028
Restructuring costs	4	(2,601)	(1,134)
Interest receivable	5	942	4,532
Interest payable	6	(370)	(833)
Lease obligations	14	-	(4,470)
Other finance charges	18	(8,336)	(2,054)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(3,190)</u>	<u>8,069</u>
Tax charge on profit on ordinary activities	7	(1,223)	(984)
<b>(LOSS)/ PROFIT RETAINED FOR THE FINANCIAL YEAR</b>		<u><u>(4,413)</u></u>	<u><u>7,085</u></u>

All results relate to continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2009

		<i>2009</i> £'000	<i>2008</i> £'000
<b>(LOSS)/ PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		(4,413)	7,085
Actuarial losses recognised in respect of the pension fund	17	(62,525)	(32,255)
Deferred tax related to the actuarial losses recognised	17	17,507	9,031
<b>TOTAL RECOGNISED LOSSES RELATING TO THE PERIOD</b>		<u><u>(49,431)</u></u>	<u><u>(16,139)</u></u>

# Unisys Limited

## BALANCE SHEET as at 31 December 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	15,713	17,928
Investments in subsidiary undertakings	9	17,512	17,512
		<u>33,225</u>	<u>35,440</u>
<b>CURRENT ASSETS</b>			
Stocks	10	161	177
Debtors	11	194,320	174,705
Cash at bank and in hand		25,611	18,929
		<u>220,092</u>	<u>193,811</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(101,163)	(78,815)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(4,350)	(5,876)
<b>NET CURRENT ASSETS</b>		<u>114,579</u>	<u>109,120</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		147,804	144,560
<b>CREDITORS: amounts falling due after more than one year</b>	13	(26,573)	(15,804)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>121,231</u>	<u>128,756</u>
<b>NET PENSION LIABILITY</b>	18	(119,098)	(77,192)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>2,133</u>	<u>51,564</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	185,413	185,413
Share premium	17	86	86
Profit and loss account	17	(183,366)	(133,935)
<b>EQUITY SHAREHOLDERS FUNDS</b>	17	<u>2,133</u>	<u>51,564</u>

Approved by the Board

M Piercy  
Director  
Date

  
30<sup>th</sup> September 2010

Registered No 103709

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

1. ACCOUNTING POLICIES

*Fundamental Accounting Concept*

As a result of the current uncertain economic outlook the technology sector is experiencing a slowdown in spending which could continue to have an impact on the company's revenue and profits. The company has sufficient financial resources together with long term contracts with a number of customers and suppliers in the UK across various industries including the public sector. The directors believe that the company is able to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further information regarding the financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Directors' Report on pages 2 to 5.

*Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards as defined in s464 of the Companies Act 2006.

*Revenue recognition*

The company recognises revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable, and collectability is probable. Revenue from hardware sales with standard payment terms is recognised upon shipment. Revenue from software licences with standard payment terms is recognised at the inception of the initial licence term and upon extension to the licence term. Revenue for post-contract software support arrangements, which are marketed separately, is recognised on a straight-line basis over the support period. The company also enters into multiple-element arrangements which may include any combination of hardware, software or services. In these transactions the company allocates the total revenue to be earned among the various elements based on their relative fair value. Revenue from hardware sales and software licences with extended payment terms is recognised as payment from customers becomes due. Revenue from equipments and software maintenance is recognised on a straight-line basis as earned over the lives of the respective contracts. Cost on such contracts is recognised as incurred. Revenue and profit on systems integration contracts are recognised either on the percentage-of-completion method of accounting using the cost-to-cost method, or when services have been performed, depending on the nature of the project. Revenue from time and materials service contracts and outsourcing contracts is recognised as the services are provided.

*Share-based payments*

The company issues equity settled share-based payments to certain employees under the parent company's approved long term incentive plans. The fair value of equity settled share options granted under the above schemes is estimated as at the date of grant using the Black Scholes Method. No expense has been recognised in the financial statements on the grounds of materiality.

*Group accounts*

The company has taken advantage of the exemption available under s401 of the Companies Act 2006 and has not prepared group financial statements as it is a member of a group ultimately owned by Unisys Corporation, a public company listed on the New York Stock Exchange, which prepares group financial statements.

These financial statements therefore purely reflect the results of the company as an individual undertaking.

*Cash flow statement*

In accordance with FRS 1 (Revised), no cash flow statement is presented due to Unisys Limited being a wholly owned subsidiary undertaking.

*Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal.

# Unisys Limited

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## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 1. ACCOUNTING POLICIES (Continued)

#### *Fixed asset investments*

Fixed asset investments are stated at cost less any provision for impairment in value

#### *Tangible fixed assets*

Fixed assets are stated at cost less accumulated depreciation

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### *Depreciation*

Plant, rental equipment and other property are depreciated over the estimated useful economic lives of such assets using the straight line method, except for tools, dies and fixtures, which are depreciated by the reducing balance method. Depreciation rates are as follows

Land and Buildings	-	2% per annum
Machinery and Equipment	-	5-25% per annum
Fixtures and Fittings	-	10-33 1/3% per annum
Rental Equipment	-	25-66 2/3% per annum

#### *Research and development expenditure*

Research and development expenditure is written off in the year in which it is incurred

Development expenditure relating to new software and products covered by firm customer contracts is capitalised where the processes and products have been satisfactorily evaluated as to their commercial and technical feasibility. Such expenditure is written off at rates appropriate to the commercial life of the processes and products

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date

#### *Translation of foreign currencies*

Transactions in foreign currencies are translated into sterling at rates which approximate to those ruling on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates approximating to those ruling on the market at the end of the financial year. Profits and losses on foreign currency translations are included in the profit and loss account

#### *Assets held for use in lease agreements and leasing commitments*

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

1. ACCOUNTING POLICIES (Continued)

*Pensions*

The company operates a defined benefit scheme which requires contributions to be made to a separately administered fund. In accordance with FRS 17, the regular service cost of providing retirement benefits to employees during the year, together with the costs of any benefits relating to past service is charged to operating profit in the year. The credit representing the expected return on the scheme assets at the start of the year is included in other finance income and the charge for the interest on the scheme liabilities is included in other finance charges. The difference between actual and expected returns on assets and the difference arising from changes in assumptions are recognised in the total statement of recognised gains and losses. The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

The company also operates a defined contribution scheme which is open to new employees and employees wishing to transfer from the defined benefits schemes. Contributions are charged to the profit and loss account as and when they fall due.

*Lease obligations*

In accordance with FRS 12 the company provides for the unavoidable costs of meeting obligations under non-cancellable lease arrangements for premises no longer used in the business and which are now vacant or sublet. These amounts are included in provisions.

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the company's principal activity, being the provision of computer related products and services to the UK market place and affiliated companies, and is stated net of value added tax.

The geographical split of turnover is as follows

	2009 £'000	2008 £'000
United Kingdom	181,422	177,137

3. OPERATING PROFIT

		2009 £'000	2008 £'000
<i>(a) This is stated after charging or (crediting)</i>			
Depreciation	- Owned assets	2,907	3,377
Operating lease rentals	- Land and buildings	8,529	8,307
	- Plant and machinery	393	425
Auditors' remuneration	- Audit services	103	103
	- Group reporting	65	65
	- Other services	18	18
Rental income		4,041	3,392
Foreign exchange loss		254	1,044

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2009

3. OPERATING PROFIT (Continued)

(b) Directors' remuneration

	2009 £'000	2008 £'000
Emoluments	600	1,054
Company contributions paid to money purchase pension schemes	43	59
Members of money purchase pension schemes	3	4
Members of the defined benefit scheme	0	4
<i>The amounts in respect of the highest paid director are as follows</i>	2009 £'000	2008 £'000
Emoluments	185	272
Company contributions paid to money purchase pension schemes	21	30
No director exercised share options during the year		
(c) Staff costs	2009 £'000	2008 £'000
Wages and salaries	45,792	52,375
Restructuring costs	2,684	1,134
Social security	5,213	5,933
Pension curtailment gain	-	(3,332)
Other pension costs	16,297	9,120
	69,986	65,230
The average number of employees during the year was	2009 No	2008 No
Sales and support	782	871
Administration	85	104
	867	975

4. RESTRUCTURING COSTS

In the year ended 31 December 2009 the company charged £2,601,000 of restructuring costs in the profit and loss account (2008 £1,134,000) in respect of redundancy costs

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 5. INTEREST RECEIVABLE

	2009 £'000	2008 £'000
From group undertakings	902	3,797
Bank and other interest	40	735
	<u>942</u>	<u>4,532</u>

### 6. INTEREST PAYABLE

	2009 £'000	2008 £'000
Bank overdraft and loans	25	1
To group undertakings	345	832
	<u>370</u>	<u>833</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
<i>Current tax</i>		
UK corporation tax charge for the year	13	1,251
Group relief surrendered by other group companies for no consideration	-	(1,251)
Foreign tax	-	51
Prior year adjustment to group relief	-	(2,309)
Total current tax	<u>13</u>	<u>(2,258)</u>
<i>Deferred taxation</i>		
Originating and reversing timing differences	1,210	3,242
Total tax charge for the year	<u>1,223</u>	<u>984</u>

#### *Factors affecting the tax charge for the year.-*

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below -

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before tax	<u>(3,190)</u>	<u>8,069</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	(893)	2,300
Effect of		
Disallowed expenses and non-taxable income	509	653
Capital allowances in excess of depreciation	1,630	375
Other timing differences	(1,210)	(2,026)
Group relief	-	(1,251)
Losses	(23)	-
Prior year adjustment	-	(2,309)
Current tax charge/(credit) for the year	<u>13</u>	<u>(2,258)</u>

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 8. TANGIBLE ASSETS

	<i>Land and buildings</i>	<i>Fixtures, fittings machinery and equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost</i>			
At 1 January 2009	27,985	19,693	47,678
Additions	1,004	710	1,714
Disposals	-	(1,213)	(1,213)
At 31 December 2009	28,989	19,190	48,179
<i>Depreciation</i>			
At 1 January 2009	13,716	16,034	29,750
Charge for the year	1,436	2,064	3,500
Disposals	-	(784)	(784)
At 31 December 2009	15,152	17,314	32,466
<i>Net book value</i>			
At 31 December 2009	13,837	1,876	15,713
At 31 December 2008	14,269	3,659	17,928

The net book value of land and buildings consists of

	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
Freehold property	10,809	11,164
Short leasehold property	2,691	3,105
	13,500	14,269
	13,500	14,269

Included in the above is an amount of £nil (2008 £nil) in respect of assets held under finance leases

There are no material capital commitments as at 31 December 2009 (2008 £nil)



# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

### 9. INVESTMENTS

	<i>£'000</i>
<i>Cost</i>	
At 1 January 2009 and 31 December 2009	19,096
	<u>          </u>
<i>Amounts provided</i>	
At 1 January 2009 and 31 December 2009	1,584
	<u>          </u>
<i>Net book value</i>	
At 1 January 2009 and 31 December 2009	17,512
	<u>          </u>

The investments in subsidiary undertakings represent the cost of holdings of ordinary shares of United Kingdom registered companies. All companies are registered in England and Wales. Details of their activities are as follows:

<i>Name of company</i>	<i>Nature of business</i>	<i>Shareholding %</i>
Unisys Payment Services Ltd	Cheque Clearing and Settlements	100%
Unisys European Services Ltd	Group Central Management Services	100%
Unisys Treasury Services Ltd	Group Treasury Services	100%
Unisys Insurance Services Ltd	Insurance Services	100%
Intelligent Processing Solutions Ltd	Cheque Clearing and Settlements	51%

### 10. STOCKS

	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
<i>Stocks comprise</i>		
Finished goods	161	177
	<u>          </u>	<u>          </u>
	161	177
	<u>          </u>	<u>          </u>

The Directors consider that the replacement cost of each category of stock is not materially different from the balance sheet amount at 31 December 2009.

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 11. DEBTORS

	2009 £'000	2008 £'000
Trade debtors	29,851	32,698
Prepayments and other debtors	45,510	21,353
	<u>75,361</u>	<u>54,051</u>
Amounts owed by group undertakings	118,959	120,654
	<u>194,320</u>	<u>174,705</u>

Included in prepayments and other debtors are deferred costs of £7,950,000 incurred in respect of deferred income creditors over one year reported in Note 13

The amounts owed by group undertakings are unsecured, interest earning and repayable on demand

### 12. CREDITORS: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	3,776	7,881
Taxation and social security	6,987	2,705
Accruals and deferred income	31,540	34,295
Other liabilities	2,645	2,618
	<u>44,948</u>	<u>47,499</u>
Amounts owed to group undertakings	56,215	31,316
	<u>101,163</u>	<u>78,815</u>

The amounts owed to group undertakings are unsecured, interest earning and repayable on demand

### 13. CREDITORS: amounts falling due after one year

	2009 £'000	2008 £'000
Accruals and deferred income	25,796	14,682
Other liabilities	777	1,122
	<u>26,573</u>	<u>15,804</u>

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

#### *Dilapidations provision*

Provision is made for the estimated costs of returning leasehold properties to their original state in accordance with contractual terms. It is expected that most payments will be made in 2010 and 2011

#### *Onerous leases provision*

The provision for onerous leases represents the excess of the obligations for future rental liabilities over and above the anticipated rental income from subletting the properties over the remaining lease periods up to 5 years from the balance sheet date,

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

14. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

	<i>Dilapidations provision</i>	<i>Onerous leases provision</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2009	1,406	4,470	5,876
Amounts increased/(released) during the year	245	(1,771)	(1,526)
At 31 December 2009	1,651	2,699	4,350

*Deferred taxation*

Deferred taxation at the prevailing rate of 28% provided in the accounts and the amounts not provided are

	<i>Provided</i>		<i>Unprovided</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Capital allowances in advance of depreciation	-	-	(12,611)	(11,899)
Other timing differences	-	-	(976)	(1,252)
Pension deficit	(46,316)	(30,019)	-	-
Amount offset against net pension liability (note 18)	46,316	30,019	-	-
	-	-	(13,587)	(13,151)

The deferred tax asset in relation to the pension deficit is treated as recoverable as, in the directors' opinion, there will be suitable taxable profits within the Unisys group from which the future reversal of the underlying timing differences can be deducted. Under the 2007 Finance Act, the rate of UK corporation tax reduced from 30% to 28% with effect from 1 April 2008. The effect of this change on the deferred tax assets associated with the company's pension liability, accelerated capital allowances and other timing differences has been taken into account in preparing these financial statements. No deferred tax asset is recognized in these financial statements in respect of accelerated capital allowances or other timing differences.

The emergency budget on 22<sup>nd</sup> June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantially enacted on 27<sup>th</sup> July 2010 and will be effective from 1<sup>st</sup> April 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised in relation to the pension deficit by £1,654,000. It would have also reduced the amount of the total unrecognised deferred tax assets by £485,000. It has not been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly.

*The movement in the deferred tax for the year was as follows,*

	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
At 1 January 2009	(30,019)	(24,230)
Transfer to profit and loss account tax charge for the year	1,210	3,242
Transfer to reserves arising on actuarial losses on pension scheme	(17,507)	(9,031)
At 31 December 2009	46,316	(30,019)

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 15. OPERATING LEASE COMMITMENTS

The company's annual commitments under non-cancellable operating leases are set out below

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Operating leases which expire</i>				
- within one year	2,701	218	10	37
- in the second to fifth years	2,287	2,217	21	126
- in over five years	1,978	4,928	27	-
	<u>6,966</u>	<u>7,363</u>	<u>58</u>	<u>163</u>

### 16. SHARE CAPITAL

	<i>Allotted, called up and fully paid</i>	
	<i>2009</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
<i>Share capital comprises</i>		
Ordinary shares of £1 each	185,413	185,413

### 17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2008	185,413	86	(117,796)	67,703
Profit for the year	-	-	7,085	7,085
Actuarial losses on pension liability	-	-	(32,255)	(32,255)
Deferred tax related to the actuarial gains	-	-	9,031	9,031
At 31 December 2008	<u>185,413</u>	<u>86</u>	<u>(133,935)</u>	<u>51,564</u>
At 1 January 2009	185,413	86	(133,935)	51,564
Profit for the year	-	-	(4,413)	(4,413)
Actuarial losses on pension liability	-	-	(62,525)	(62,525)
Deferred tax related to the actuarial losses	-	-	17,507	17,507
At 31 December 2009	<u>185,413</u>	<u>86</u>	<u>(183,366)</u>	<u>2,133</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

**18 PENSION COMMITMENTS**

The company provides pension arrangements to the majority of employees of the company through a defined benefit scheme, the Unisys Pension Scheme ("UPS Scheme") and a defined contribution scheme, the Unisys Defined Contribution Plan. The schemes are funded by the payment of contributions to separately administered funds. The contributions to the UPS Scheme are determined with the advice of independent qualified actuaries on the basis of annual calculations using the projected unit method.

The UPS Scheme closed to future service accrual with effect from 1 July 2008. Members affected were given the opportunity to join the Unisys Defined Contribution Plan on enhanced terms.

	2009	2008
	£'000	£'000
<i>Reconciliation of funded status to balance sheet</i>		
Fair value of scheme assets	372,057	321,719
Present value of funded obligations	(537,471)	(428,930)
Deficit for UPS Scheme	(165,414)	(107,211)
Related deferred tax asset	46,316	30,019
Net pension liability	(119,098)	(77,192)
	2009	2008
	£'000	£'000
<i>Changes to the present value of the defined benefit obligation during the year</i>		
Opening defined benefit obligation at 1 January	428,930	491,278
Current service cost	-	1,700
Interest cost	28,015	28,451
Contributions by scheme members	-	1,301
Actuarial (gains)/ losses on scheme liabilities	102,233	(70,772)
Net benefits paid from scheme	(21,707)	(19,696)
Curtailed gain	-	(3,332)
Closing defined benefit obligation at 31 December	537,471	428,930
	2009	2008
	£'000	£'000
<i>Changes to the fair value of scheme assets during the year</i>		
Opening fair value of scheme assets at 1 January	321,719	404,744
Expected return on scheme assets	19,679	26,397
Actuarial gains/ (losses) on scheme assets	39,708	(103,027)
Contributions by the employer	12,658	12,000
Contributions by scheme members	-	1,301
Net benefits paid from scheme	(21,707)	(19,696)
Closing fair value of scheme assets at 31 December	372,057	321,719

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 18. PENSION COMMITMENTS (continued)

	2009	2008
	£'000	£'000
<i>Analysis of profit and loss charge</i>		
Current service cost	-	1,700
Interest cost	28,015	28,451
Expected return on scheme assets	(19,679)	(26,397)
Curtailment gain	-	(3,332)
	<u>8,336</u>	<u>422</u>
	2009	2008
	£'000	£'000
<i>Analysis of the amount credited to operating profit</i>		
Service cost	-	(1,700)
Curtailment gain	-	3,332
	<u>-</u>	<u>(1,632)</u>
	2009	2008
	£'000	£'000
<i>Analysis of net return on pension scheme</i>		
Expected return on pension scheme assets	19,679	26,397
Interest on pension liabilities	(28,015)	(28,451)
	<u>(8,336)</u>	<u>(2,054)</u>
	2009	2008
	£'000	£'000
<i>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</i>		
Actual return less expected return on assets	39,708	(103,027)
Experience losses on liabilities	-	(7,609)
Changes in assumptions	(102,233)	78,381
	<u>(62,525)</u>	<u>(32,255)</u>

The expected long-term rates of return of the assets in the UPS Scheme at 31 December were

	2009	2008	2007	2006	2005
Equities	7.00%	7.20%	7.00%	7.00%	7.00%
Bonds	4.75%	5.20%	5.80%	5.10%	4.90%
Cash	0.50%	2.00%	5.50%	5.00%	4.50%

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

18. PENSION COMMITMENTS (continued)

The fair values of the assets and liabilities in the UPS Scheme at 31 December were

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Equities	213,646	178,372	245,233	253,695	228,595
Bonds	155,481	135,144	154,547	129,235	126,722
Cash	2,930	8,203	4,964	6,703	5,090
<b>Total fair value of assets of UPS</b>	<b>372,057</b>	<b>321,719</b>	<b>404,744</b>	<b>389,633</b>	<b>360,407</b>

In order to determine the long-term rate of return on pension assets, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other assets classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

As noted above, some employees are members of the UPS Scheme. A full actuarial valuation was carried out at 31 March 2008 and updated to 31 December 2009 by a qualified independent actuary. The major assumptions used by the actuary were

	2009	2008	2007	2006	2005
Rate of increase in salaries	-	-	3.50%	3.25%	3.25%
Rate of increase in deferred pensions	3.35%	2.70%	3.20%	2.90%	2.75%
Rate of increase in pensions in payment	3.35%	2.70%	3.20%	2.90%	2.75%
Discount rate	5.70%	6.70%	5.80%	5.10%	4.90%
Inflation assumption	3.35%	2.70%	3.20%	2.90%	2.75%

	2009	2008
<i>Weighted average life expectancy for mortality tables used to determine benefit obligations</i>		
Member age 65 (current life expectancy)	20.3	19.5
Member age 45 (life expectancy at age 65)	21.3	20.4

The FRS 17 valuation at 31 December 2009 showed an increase in the deficit from £107,211,000 to £165,414,000 (2008 increase in the deficit from £86,534,000 to £107,211,000). There were no improvements in benefits during 2009. Company contributions made in respect of the accounting period for the UPS Scheme were £12,658,000 (2008 £12,000,000). The agreed company contributions for 2010 for the UPS Scheme are £13,124,000. The contributions made in respect of the accounting period to the defined contribution plan were £3,208,000 (2008 2,625,000).

# Unisys Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

### 18. PENSION COMMITMENTS (continued)

	<i>Financial year ended 31 December</i>				
	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
<i>History of asset values, defined benefit obligations and experience gains and losses</i>					
Fair value of scheme assets (£'000)	372,057	321,719	404,744	389,633	360,407
Defined benefit obligation (£'000)	(537,471)	(428,930)	(491,278)	(518,627)	(532,916)
Deficit in scheme	(165,414)	(107,211)	(86,534)	(128,994)	(172,509)
Difference between expected and actual return on scheme assets (£'000)	39,708	(103,027)	(4,697)	10,744	39,189
- percentage of scheme assets	10.7%	-32%	-1%	3%	11%
Experience gains and losses on scheme liabilities (£'000)	-	(7,609)	-	14,169	-
- percentage of scheme liabilities	0%	-2%	0%	3%	0%

### 19. TRANSACTIONS WITH RELATED PARTIES

As the Company is a wholly owned subsidiary of Unisys Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other companies which are wholly-owned by the group (or investees of the group qualifying as related parties). The consolidated financial statements of Unisys Corporation, within which this Company is included, can be obtained from the address given in note 20.

During the year, the company entered into transactions in the ordinary course of business with Intelligent Processing Solutions Limited, a subsidiary company of Unisys Limited,

Transactions entered into, and trading balances outstanding at 31 December 2009, are as follows

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Related party</i>				
Intelligent Processing Solutions Limited				
2009	13,204	-	8,140	-
2008	7,279	-	752	-



NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

**20. ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

The parent undertaking for the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Unisys Corporation incorporated in the State of Delaware, United States of America. Unisys Corporation is a public company listed on the New York Stock Exchange. Copies of the group financial statements of Unisys Corporation are available from the Company Secretary, Unisys Limited, Bakers Court, Bakers Road, Uxbridge, Middlesex UB8 1RG.

The directors consider Unisys Corporation to be the company's controlling party and the ultimate parent company. The immediate parent company is BMX Information Systems (UK) Limited registered in England.

**21. SHARE BASED PAYMENT PLANS**

The company's employees participate in the Unisys Corporation stockholder approved long term incentive plans. These incentive plans are as follows:

- 1990 Unisys Long-Term Incentive Plan
- 2003 Unisys Corporation Long-Term Incentive and Equity Compensation Plan

For United Kingdom participants each of these plans comprises two parts, a UK Sub-Plan that has been approved by H M Revenue & Customs under the provisions of the Income and Corporation Taxes Act 1988 and a main plan that has not been approved by H M Revenue & Customs and it is not intended to apply for approval in respect of it. With effect from 1<sup>st</sup> January 2006 the issue of stock options has been replaced with restricted stock unit awards. The restricted stock units contain both time-based and performance-based units and have a vesting period of 3 years.

In the year ended 31<sup>st</sup> December 2009 no stock options have been granted under these schemes (2008: nil). nil restricted stock units were granted in the year ended 31<sup>st</sup> December 2009 (2008: 191,468 units). The expense recognised for all share-based payments in respect of employee services received during the year to 31 December 2009 is £nil (2008: £nil).

In October 2009, Unisys Corporation announced one for ten reverse stock split. The reported 2009 prices reflect this split and the 2008 comparatives have been adjusted accordingly.

The table below sets out the number and weighted average exercise prices (WAEP) of, and movements in, the stock options issued under the schemes during the year:

	2009 <i>No</i>	2009 <i>WAEP</i>	2008 <i>No</i>	2008 <i>WAEP</i>
Outstanding at the beginning of the year	62,048	126.9	72,793	92.2
Transferred during the year	7,970	111.7	1,830	303.2
Exercised during the year	-	n/a	-	n/a
Expired during the year	<u>(15,803)</u>	136.7	<u>(12,575)</u>	133.4
Outstanding and exercisable at the end of the year	<u>54,215</u>	111.1	<u>62,048</u>	126.9

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

21. SHARE BASED PAYMENT PLANS (continued)

For the stock options outstanding as at 31 December 2009, the weighted average remaining contractual life is 1.75 years (2008 2.55 years)

The fair value of equity settled stock options granted under the above schemes is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs to the model

	2009	2008
Weighted average share price (£)	62.5	65.3
Expected volatility	58.28%	45.28%
Option life	10 years	10 years
Risk-free interest rate	1.57%	3.63%

The range of exercise prices for options outstanding at the end of the year is shown below. All options have an exercise period of 10 years from the date of grant

Range of Exercise Price	Dates of Grant	2009 Number	2008 Number
£28.6 - £36.7	19/12/2005 – 19/12/2005	296	1,500
£36.8 - £46.2	23/04/1997 – 09/02/2005	6,253	7,780
£51.0 - £86.5	14/02/2002 – 01/07/2004	13,512	16,923
£112.6 - £207.0	17/02/2000 – 15/02/2001	34,154	35,845

A summary of restricted stock unit activity for the year ended 31<sup>st</sup> December 2009 is as follows

	No	Weighted Average Grant Date Fair Value (£)
Outstanding at the beginning of the year	17,913	30.7
Granted during the year	-	3.9
Cancelled during the year	(15,516)	25.0
Released during the year	-	29.2
Outstanding at the end of the year	<u>2,397</u>	24.5

22. POST BALANCE SHEET EVENT

On 31 August 2010 Unisys Limited sold one of its wholly owned subsidiaries Unisys Insurance Services Limited (UISL), which provided outsourced intermediary services to insurance companies in the United Kingdom, to a third party

Following the sale, Unisys Limited continues to be the Principal Employer of the Unisys Section of the Unisys Payment Services Limited Pension Scheme defined benefit pension plan (the Scheme). Prior to the sale, UISL accounted for the Scheme in accordance with FRS 17. Following the sale, Unisys Limited will be required to account in its 2010 financial statement for the FRS 17 net pension liability of the Scheme, which at 31 December 2009 was approximately £49 million and which is comprised of fair value of scheme assets of £174 million less present value of funded obligations of £223 million. Following the sale, Unisys Limited will also be required to account for the impact of the disposal of UISL.

The recording of the FRS 17 net pension liability, net of a deferred tax asset, at 31 August 2010 will result in a reduction of the net assets of Unisys Limited by approximately £35 million. In addition, Unisys Limited will incur a loss of approximately £1 million related to all other elements of the sale of UISL.