

SYSTEMS & COMPUTER TECHNOLOGY CORP

Form 11-K

June 27, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2002

Commission file number 0-11521

- A. Full title of the plan and address of the plan, if different from that of the issuer named below:

SCT 401(k) SAVINGS PLAN

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SYSTEMS & COMPUTER TECHNOLOGY CORPORATION
4 Country View Road
Malvern, PA 19355

SCT 401(k) Savings Plan

Financial Statements and Supplemental Schedule

Years ended December 31, 2002 and 2001

The following financial statements and exhibits are filed as part of this report:

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

(a) Item 4 - Financial Statements

Report of Independent Auditors

Statements of Assets Available for Benefits,
December 31, 2002 and 2001

Statements of Changes in Assets Available for Benefits,
for the years ended December 31, 2002 and 2001

Notes to Financial Statements

Supplemental Schedule
Schedule H Line 4i- Schedule of Assets (Held at End of Year).

Signatures

(b) Exhibits:

23 Consent of Independent Auditors

99.1 Certification of Chief Executive Officer Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

99.2 Certification of Chief Financial Officer Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

Financial statement schedules not included with this report have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Report of Independent Auditors

Plan Administrator
SCT 401(k) Savings Plan

We have audited the accompanying statements of assets available for benefits of the SCT 401(k) Savings Plan as of December 31, 2002 and 2001, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 31, 2002 and 2001, and the changes in its assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of assets (held at end of year) as of December 31, 2002, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The schedule is the responsibility of the Plan's management. The schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
May 28, 2003

1

SCT 401(k) Savings Plan

Statements of Assets Available for Benefits

	December 31	
	2002	2001
	-----	-----
Assets		
Investments:		
Registered investment companies	\$71,122,006	\$81,189,706
Common stock	12,584,625	13,484,378
Participant loans	1,590,027	1,916,595
	-----	-----
Total investments	85,296,658	96,590,679
Receivables:		
Participant contributions	734,062	686,949
Employer contribution	240,254	318,898

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

Total receivables	----- 974,316	----- 1,005,847
Assets available for benefits	----- \$86,270,974 =====	----- \$97,596,526 =====

See accompanying notes.

2

SCT 401(k) Savings Plan

Statements of Changes in Assets Available for Benefits

	Year ended December 31 2002	2001
	-----	-----
Additions:		
Investment income:		
Interest and dividends	\$ 1,301,279	\$ 2,113,038
Contributions:		
Participants	10,927,534	12,542,005
Employer	3,000,891	2,029,940
	-----	-----
	13,928,425	14,571,945
	-----	-----
Total additions	15,229,704	16,684,983
Deductions:		
Net depreciation in fair value of investments	17,351,266	13,141,500
Benefits paid to participants	9,203,990	8,576,208
Transfers out of the plan	-	15,602,617
	-----	-----
Total deductions	26,555,256	37,320,325
	-----	-----
Net decrease	(11,325,552)	(20,635,342)
Assets available for benefits at beginning of year	97,596,526	118,231,868

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

Assets available for benefits at end of year	----- \$ 86,270,974 =====	----- \$ 97,596,526 =====
--	---------------------------------	---------------------------------

See accompanying notes.

3

SCT 401(k) Savings Plan

Notes to Financial Statements

December 31, 2002

1. Description of Plan

The following description of the SCT 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution, contributory savings plan covering all salaried, clerical, and hourly employees of Systems & Computer Technology Corporation (the Company) who are age 19 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In June 2001, the Company sold its Global Government Systems (GGS) business. In connection with this sale, \$15,602,617 of participant accounts were transferred to the acquirer's 401(k) plan during 2001. Before the transfer, all participants who were employed by GGS became fully vested in their account balances.

The Company amended and restated the Plan document effective January 1, 2002. Certain provisions that could not be implemented retroactively became effective July 1, 2002. The Plan's management does not believe that the amendment and restatement will have a significant effect on the Plan's net assets.

Contributions

Effective July 1, 2002, participants may contribute up to 60 percent of their pre-tax annual compensation, as defined in the Plan. Prior to that date, participants could contribute up to 18 percent of their pre-tax compensation, as so defined. Participants may also contribute amounts representing distributions from other qualified defined benefit and defined contribution plans. The Company contributes 50 percent of the first 6 percent of base compensation that a participant contributes to the Plan. Contributions are subject to certain limitations.

4

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

SCT 401(k) Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Investment Options

Participants direct the investment of their contributions into various investment options offered by the Plan. Until July 1, 2002, 50 percent of the Company's matching contribution was invested in the Company's common stock, with the remaining portion directed by the participant. Effective July 1, 2002, participants may direct 100 percent of the Company's matching contribution (whether such matching contribution was made on or before July 1, 2002 or thereafter) into the various investment options offered by the Plan, although the Company's contribution is initially invested in Company stock. Participants may change their investment options at any time.

Participant Accounts

Each participant's account is credited with the participant's contributions, earnings based on the participant's investment elections and allocations of the Company's contributions. Forfeited balances of terminated participants' nonvested accounts are placed in a cash reserve account to be used to reduce future Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after five years of credited service, upon normal or early retirement or in the event of death or disability.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their account balance, whichever is less. Loan terms range from one to five years or up to ten years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at rates that range from 6 percent to 12 percent, which are commensurate with the prime commercial lending rate in effect when the loans were initiated. Principal and interest are paid ratably through payroll deductions.

SCT 401(k) Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Payment of Benefits

On termination of service, death, disability, or retirement, a participant may receive a lump-sum amount equal to the vested value of his or her account. Partial withdrawals are also permitted for participants meeting hardship requirements or who have reached age 59 1/2.

Forfeited Accounts

At December 31, 2002 and 2001, forfeited nonvested accounts totaled \$49,000 and \$92,000, respectively. These accounts are used to reduce future employer contributions. Also, in 2002 and 2001, employer contributions were reduced by \$296,000 and \$1,936,000, respectively, from forfeited nonvested accounts.

Administrative Expenses

Although not obligated to do so, the Company has paid all plan expenses during 2002 and 2001.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

2. Significant Accounting Policies

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year-end. The Company's common stock is valued at the last reported sales price on the last business day of the year. Participant loans are valued at the outstanding loan balance at year-end.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. The Company's common stock is purchased at the market price at the time of acquisition.

6

SCT 401(k) Savings Plan

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid. Amounts processed and approved for payment prior to year-end but not yet paid at December 31, 2002 and 2001 were \$0 and \$196,269, respectively.

3. Investments

Investments that represent 5% or more of the fair value of the Plan's assets are as follows:

	December 31	
	2002	2001
Systems & Computer Technology Corporation common stock *	\$12,584,625	\$13,484,378
Shares of registered investment companies:		
Fidelity Investments:		
Managed Income Portfolio	6,299,870	5,654,763
Intermediate Bond Fund	6,482,110	4,812,707
Equity Income Fund	10,998,433	13,374,012
Magellan Fund	21,027,886	28,552,783
Disciplined Equity Fund	4,495,693	5,512,822
Growth Company Fund	4,459,860	5,875,111

* Majority is non participant-directed in 2001.

7

SCT 401(k) Savings Plan

Notes to Financial Statements (continued)

3. Investments (continued)

During 2002 and 2001, the Plan's investments (including investments bought, sold, or held during the year) depreciated in value as follows:

	Year ended December 31	
	2002	2001

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

Net depreciation in fair value of investments as determined by quoted market price:

Common stock	\$ (2,279,171)	\$ (1,673,585)
Registered investment companies	(15,072,095)	(11,467,915)
	-----	-----
	\$ (17,351,266)	\$ (13,141,500)
	=====	=====

4. Non Participant-Directed Investments

The only non participant-directed investment is in Company common stock. However, effective July 1, 2002, the Company match contribution is initially made in Company common stock but participants may subsequently direct their portion of the Company match contribution (whether such Company match contribution was made on or before July 1, 2002 or thereafter) into various investment options offered by the Plan. The administrator does not track the amount of Company common stock that is participant-directed and non participant-directed. The amounts presented below represent the total assets and changes in assets in Company common stock.

8

SCT 401(k) Savings Plan

Notes to Financial Statements (continued)

	December 31	
	2002	2001
Assets		
Investment at fair value based on quoted market price:		
Systems & Computer Technology Corporation Common Stock	\$ 12,584,625	\$13,484,378
Contributions receivable	188,825	233,323
	-----	-----
	\$ 12,773,450	\$13,717,701
	=====	=====
Changes in assets:		
Net depreciation in fair value of investment	\$ (2,279,171)	\$ (1,673,585)
Contributions	2,605,193	3,221,095
Benefits paid to participants	(926,560)	(1,209,255)
Amounts transferred out of the Plan	-	(2,533,582)
Interfund transfers, net	(354,778)	(75,626)
	-----	-----
	\$ (955,316)	\$ (2,270,953)

=====

5. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated August 16, 1995 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Subsequent to this issuance of the determination letter, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

SCT 401(k) Savings Plan
 EIN: 23-1701520 Plan: 56508

Schedule H, Line 4i -
 Schedule of Assets (Held at End of Year)

December 31, 2002

Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	Cost

*Systems & Computer Technology Corporation:		
Common stock	Common stock	\$ 17,321,507
*Fidelity Investments:		
Cash reserves	Registered investment company	**
Managed Income Portfolio	Registered investment company	**
Intermediate Bond Fund	Registered investment company	**
Equity Income Fund	Registered investment company	**
Magellan Fund	Registered investment company	**
Disciplined Equity Fund	Registered investment company	**
Worldwide Fund	Registered investment company	**
Puritan Fund	Registered investment company	**
Growth Company Fund	Registered investment company	**
PBHG Emerging Growth Fund	Registered investment company	**
Founders Growth Fund	Registered investment company	**
Contrafund	Registered investment company	**
Templeton Foreign Fund I	Registered investment company	**
Freedom Income Fund	Registered investment company	**
Freedom 2000 Fund	Registered investment company	**
Freedom 2010 Fund	Registered investment company	**
Freedom 2020 Fund	Registered investment company	**
Freedom 2030 Fund	Registered investment company	**
Freedom 2040 Fund	Registered investment company	**
*Participant loans	Interest rates ranging from 6% to 12%	**

* Indicates party-in-interest to the Plan.

** Cost is not required for participant-directed investments.

10

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator has duly caused this annual report to be signed on its

Edgar Filing: SYSTEMS & COMPUTER TECHNOLOGY CORP - Form 11-K

behalf by the undersigned hereunto duly authorized.

SCT 401(k) SAVINGS PLAN

Date: 06/27/03

By: /s/ Eric Haskell

Eric Haskell
Executive Vice President - Finance &
Administration, Treasurer and
Chief Financial Officer