

Company Registration Number 1752099

**MISYS HOLDINGS LIMITED**

Report and financial statements

31 May 2003



# MISYS HOLDINGS LIMITED

## DIRECTORS' REPORT

The Directors present their report and audited financial statements of the Company for the year ended 31 May 2003.

### Principal activities and review of the business

The Company acts as an intermediate holding company and property agent within the Misys Group. During the year the Company sold a number of its investments in subsidiary undertakings and paid and received dividends. No significant change in the activities of the Company is envisaged in the forthcoming year.

### Results and dividends

The results and dividends of the Company for the year are set out in detail on page 5. An interim dividend of £71,500,000 was paid during the year (2002: £35,000,000). The Directors do not recommend the payment of a final dividend (2002 : £nil). Profits of £559,000 (2002: loss of £678,000) have been transferred to reserves.

### Directors and their interests

#### Interests in Shares

The Directors who served during the year and the interests of those serving at the end of the year in the shares of the ultimate parent company, Misys plc, were as follows:

	Misys plc	
	Ordinary shares of 1p each	
	2003	2002
R K Graham	*	*
R L Ham	7,320	4,695

\* R K Graham is a Director of the ultimate holding company, Misys plc and his interests in shares, share options and share plans are shown in the financial statements of that company.

#### Interests in Share Option Schemes

The options held by Directors over ordinary 1p shares in Misys plc were as follows:

	2002 Total	Granted in year	Lapsed in year	2003 Total
R L Ham	158,675	51,668	74,365	135,978

Total interests in share options at the end of the year are split as follows:

	Non-performance related	Performance Related	Savings Related
R L Ham	30,000	104,310	1,668

50,000 Options were granted to R L Ham on 25 July 2002 at an option price of 205p under the Misys 2000 Executive Option Plan. 1,668 Options were granted to R L Ham on 20 August 2002 at an option price of 164p under the Misys 2001 SAYE Share Option Plan. R L Ham held 3,522 options under the 2001 UK Sharesave 3 year Option Plan which lapsed on 30 September 2002. 67,840 Options granted to R L Ham

# MISYS HOLDINGS LIMITED

## DIRECTORS' REPORT

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under the Misys 2000 Share Option Plan failed to satisfy their performance target and hence lapsed on 1 June 2002. 3,003 Options granted to R L Ham under the Misys 1998 Unapproved Share Option Plan failed to satisfy their performance target and hence lapsed on 1 June 2002.

### Interests in Share Plans

The interests held by directors over ordinary 1p shares in Misys plc were as follows:

	Plan	2002 Total	Awarded in Year	2003 Total
R L Ham	AAP	7,119	8,750	15,869

Awards were made to R L Ham on 25 July 2002 under the Misys Annual Award Plan.

Full details of the Share Option Schemes and Share Plans included above can be found in the Annual Report of the ultimate parent company, Misys plc, which is publicly available.

During the year R L Ham was invited to apply his bonus and participate in the Misys Annual Award Plan, full details of which can be found in the Annual Report of the ultimate parent company, Misys plc, which is publicly available.

No Director had any interest in shares of the Company or any group undertakings except as disclosed above.

### Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 21 January 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the next annual general meeting.

Approved by the Board of Directors on 15 July 2003 and signed on its behalf by:



R L Ham, Director

## **MISYS HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2003 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## MISYS HOLDINGS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MISYS HOLDINGS LIMITED

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We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

#### **Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

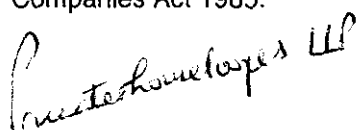
#### **Basis of audit opinion**

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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
15 July 2003

**MISYS HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**

For the year ended 31 May 2003

	Note	2003 £'000	2002 £'000
Other operating income		326	1,488
Other operating charges		<u>(373)</u>	<u>(391)</u>
<b>Operating (loss) profit</b>	2	<b>(47)</b>	<b>1,097</b>
Income from subsidiary undertakings	3	73,126	37,000
Profit (loss) on disposal of subsidiary undertakings	6	53	(3,503)
Profit on disposal of fixed asset investments	6	-	612
<b>Profit on ordinary activities before interest and taxation</b>		<b>73,132</b>	<b>35,206</b>
Net interest payable and other charges	4	(534)	(524)
<b>Profit on ordinary activities before taxation</b>		<b>72,598</b>	<b>34,682</b>
Tax on profit on ordinary activities	5	<u>(539)</u>	<u>(360)</u>
<b>Profit on ordinary activities after taxation</b>		<b>72,059</b>	<b>34,322</b>
Dividend paid		(71,500)	(35,000)
<b>Retained profit (loss) for the financial year</b>	10	<b><u>559</u></b>	<b><u>(678)</u></b>

All activities relate to continuing operations.

There were no gains or losses for the years other than the results for the financial years stated above. Accordingly, no statement of total recognised gains and losses is given.

There are no differences between the profit on ordinary activities before taxation and the retained profit (loss) for the financial years stated above and their historical cost equivalents.

# MISYS HOLDINGS LIMITED

## BALANCE SHEET

At 31 May 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	6	790,028	796,670
<b>Current assets</b>			
Debtors	7	18,160	18,853
<b>Creditors: amounts falling due within one year</b>	8	<u>(805,243)</u>	<u>(813,137)</u>
<b>Net current liabilities</b>		<u>(787,083)</u>	<u>(794,284)</u>
<b>Total assets less current liabilities and net assets</b>		<u><u>2,945</u></u>	<u><u>2,386</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	2,945	2,386
<b>Equity shareholders' funds</b>	11	<u><u>2,945</u></u>	<u><u>2,386</u></u>

The financial statements on pages 5 to 11 were approved by the Board of Directors on 15 July 2003 and signed on its behalf by:



R L Ham, Director

# MISYS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

The Company is a wholly owned subsidiary of Misys plc and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) "Cash Flow Statements".

#### Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with applicable accounting standards and the accounting policies as set out below.

#### Investments

Investments are shown at cost less provision considered necessary for any impairment. The need for any impairment write down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use. The value in use is determined from estimated discounted future cash flows. Discount rates used are based on the cost of capital.

#### Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future. Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the lease term.

### 2. Operating (loss) profit

	2003 £'000	2002 £'000
<i>Operating (loss) profit is stated after charging (crediting)</i>		
Rent receivable	(326)	(292)
Rent payable	<u>394</u>	<u>326</u>

Remuneration of the auditors and Directors has been borne by a fellow subsidiary, as was the case in the prior year. There were no employees in the year (2002: nil).

Income from subsidiary undertakings, which relates to dividends received from subsidiary undertakings, has been reclassified to below operating profit in the current year, as this is the more appropriate classification. The comparatives have been reclassified accordingly.



# MISYS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Income from subsidiary undertakings

	2003 £'000	2002 £'000
Income from subsidiary undertakings	<u>73,126</u>	<u>37,000</u>
This income represents dividends received during the current and prior year from subsidiary undertakings.		

### 4. Net interest payable and other charges

	2003 £'000	2002 £'000
Interest payable to group undertakings	2,912	529
Net foreign exchange losses	(2,378)	-
Interest receivable	-	(5)
	<u>534</u>	<u>524</u>

### 5. Tax on profit on ordinary activities

	2003 £'000	2002 £'000
UK Corporation tax on profit for the period	<u>539</u>	<u>360</u>
The tax assessed for the period is lower than the standard rate of corporation tax based on profit before tax for the following reasons:		
	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	<u>72,598</u>	<u>34,682</u>
Tax on profit on ordinary activities at the standard rate of UK tax of 30%	21,779	10,405
Effects of:		
Capital related transactions	(17)	1,055
Non provided timing differences	(2)	-
Non taxable UK dividend income	(21,938)	(11,100)
Non taxable foreign exchange gain	<u>717</u>	<u>-</u>
Current tax charge for the period	<u>539</u>	<u>360</u>

The following deferred tax assets have not been recognised as their use is uncertain or is not currently anticipated due to losses within the Group:

	2003 £'000	2002 £'000
Other timing differences	<u>40</u>	<u>-</u>

# MISYS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investments

	Other investments £'000	Shares in subsidiary undertakings £'000	Total £'000
<b>Cost</b>			
At 1 June 2002	550	806,700	807,250
Additions	-	5,000	5,000
Disposals	-	(12,210)	(12,210)
At 31 May 2003	<u>550</u>	<u>799,490</u>	<u>800,040</u>
<b>Provision for impairment</b>			
At 1 June 2002	550	10,030	10,580
Credited during the year	-	(568)	(568)
At 31 May 2003	<u>550</u>	<u>9,462</u>	<u>10,012</u>
<b>Net book value</b>			
At 31 May 2003	<u>-</u>	<u>790,028</u>	<u>790,028</u>
At 31 May 2002	<u>-</u>	<u>796,670</u>	<u>796,670</u>

The other investments are denominated in US dollars, are non-interest bearing and comprise investments in US and Europe technology funds.

During the year the Company acquired a 100% holding in Misys Securities Trading Systems, from a fellow subsidiary for £5,000,000.

During the year the Company disposed of its shareholdings in AssureWeb Limited, Misys IFA Desktop Solutions Limited and ACT Sigmex Limited to fellow subsidiary undertakings. There were no profits or losses on these disposals.

During the year the Company disposed of its shareholding in Misys IFA Services to a fellow subsidiary, realising a profit before taxation of £53,000.

In addition, investments which had previously been fully provided against were struck off during the year.

Listed below are the principal investments in subsidiaries held by the Company, all holdings represent 100% (except where noted) of the issued ordinary and preference share capital of the subsidiary undertakings. In addition to the companies shown below the Company also holds investments in other subsidiary undertakings. Details of all subsidiaries will be appended to the next annual return.

#### Company

#### Country of incorporation & operation

Countrywide Holdings (UK) plc  
Misys Securities Trading Systems Limited  
Misys Securities Trading Systems (Asia Pacific) Limited  
ITL Information Technology Limited  
Pearce Technology Limited

England & Wales  
England & Wales  
Australia  
England & Wales  
England & Wales

# MISYS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Misys Insurance Services (Ireland) Limited	England & Wales
Consultants (Computer & Financial) Limited	England & Wales
Misys Insurance Services Division Limited	England & Wales
Misys B&S Division Limited	England & Wales
ACT Insurance Systems Limited	England & Wales
Misys Securities Trading Systems Investor Services Limited	England & Wales
Emma Misys Limited	England & Wales
Joanna Misys Limited	England & Wales
Misys IFA Desktop Solutions Limited	England & Wales
Misys Interactive Trading Limited	England & Wales
Misys Interactive Trading (PFS) Limited	England & Wales
Shaw Insurance Brokers Limited	England & Wales

All these companies are involved in the development and licensing of application software products to customers in the banking and insurance industries.

In the opinion of the directors the value of the Company's investments is not less than the underlying net asset value of those investments.

The Company is a wholly owned subsidiary of Misys plc and has consequently taken advantage of Section 228 Companies Act 1985 not to prepare group financial statements.

### 7. Debtors

	2003 £'000	2002 £'000
Amounts due from group undertakings	18,123	18,151
Corporation tax recoverable	-	670
Other debtors	37	32
	<u>18,160</u>	<u>18,853</u>

### 8. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	-	31
Amounts due to group undertakings	801,871	803,830
Corporation tax payable	3,324	9,141
Other taxation	-	29
Accruals	48	106
	<u>805,243</u>	<u>813,137</u>

### 9. Called up share capital

	2003 £	2002 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# MISYS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Reserves

	Profit and loss account £'000
At 1 June 2002	2,386
Retained profit for the year	559
<b>At 31 May 2003</b>	<b>2,945</b>

### 11. Reconciliation of movement in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	72,059	34,322
Dividends	(71,500)	(35,000)
Net addition to shareholders' funds	559	(678)
Shareholders' funds as at 1 June	2,386	3,064
Shareholders' funds as at 31 May	2,945	2,386

### 12. Financial commitments

The annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2003 £'000	2002 £'000
Expires in two to five years	45	40
Expires after five years	333	275
	<b>378</b>	<b>315</b>

### 13. Related party transactions

The Company has taken advantage of the exemption under FRS8 Related Party Transactions not to disclose related party transactions with Group undertakings since Misys plc is the beneficial owner of all of the equity share capital of the Company.

### 14. Ultimate parent Company

The parent company of both the largest and smallest group in which Misys Holdings Limited is included in consolidated accounts is that of Misys plc.

The Company's ultimate parent Company and controlling party is Misys plc, a Company registered in England and Wales. Copies of the Group financial statements of Misys plc may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.