

**Finastra Europe Limited (formerly  
Misys Holdings UK Limited)**

Report and Financial Statements

Year Ended

31 May 2017

Company Number 01752099

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# **Finastra Europe Limited**

## **Company Information**

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<b>Directors</b>	T Homer J Van Harken J Olivier T Kilroy
<b>Registered number</b>	01752099
<b>Registered office</b>	One Kingdom Street Paddington London W2 6BL
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Country of incorporation</b>	England and Wales

# **Finastra Europe Limited**

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# **Finastra Europe Limited**

## **Strategic report For the year ended 31 May 2017**

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The Directors present their Strategic report of Finastra Europe Limited ("the Company") for the year ended 31 May 2017.

### **Review of business**

The principal activity of the Company is to operate as an intermediate parent and holding company. The Company reported a loss for the financial year of \$5,978,000 (2016: profit of \$133,000) which was driven by losses on impairment of investments of \$3,648,000 (2016: \$nil) and foreign exchange losses of \$2,385,000 (2016: \$466,000).

### **Key performance indicators**

The executive management of Misys Newco 2 S.à r.l manage the operations of the Misys Newco 2 S.à r.l group of companies (the "Misys Group") on a group basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Misys Group, which includes the Company, is discussed on pages 1 to 5 of the Misys Group's annual report, which does not form part of this report.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Misys Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Misys Group, which include those of the Company, are discussed on pages 6 to 10 of the Misys Group's annual report, which does not form part of this report.

This report was approved by the Board and signed on its behalf by:



**T Homer**  
Director

Date: 26 JANUARY 2018

# **Finastra Europe Limited**

## **Directors' report For the year ended 31 May 2017**

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The Directors present their annual report and the audited financial statements of the Company for the year ended 31 May 2017.

### **Future developments**

The Company will continue to act as an intermediate parent company. Post year end the Company changed its functional currency to Euros and is expected to begin signing Euro-denominated currency contracts for the supply and services of banking software to the financial services industry.

### **Subsequent events**

Effective 1 June 2017, the Company changed its functional currency to Euros, and was enabled to contract with customers in Euros from 1 June 2017.

On 13 June 2017, Vista Equity Partners, the Company's ultimate controlling party, completed the acquisition of DH Corporation ("D+H") and the combination of D+H with the Misys Group. D+H is the largest Canadian-based software provider of lending, payments and financial solutions and the combination created a diversified Fintech market leader, with a global footprint. The combined group has the broadest set of financial software solutions available on the market, with in excess of \$2bn in revenues, approximately 10,000 employees and more than 9,000 customers across 130 countries, including 48 of the top 50 banks.

As part of the combination, Vista Equity Partners entered into a series of transactions which had the effect of transferring the Misys Group to a new holding company, Finastra Limited (formerly Tahoe Subco 1 Ltd), incorporated in the Cayman Islands.

On 30 August 2017, as a result of re-financing following the acquisition of D+H, the Company admitted to the Official List of the Cayman Islands Stock Exchange ("the CSX") unsecured Loan Notes due 2024 of €570,190,164 and €850,000,000. The notes were all held by fellow Misys Group undertakings and the Directors have no immediate intention of trading the notes externally.

See note 17 for further details.

### **Results and dividends**

The Company's loss for the financial year amounted to \$5,978,000 (2016: profit of \$133,000). No interim dividend was paid during the year (2016: \$2,897,000). The Directors do not recommend the payment of a final dividend (2016: \$nil). The loss for the financial year of \$5,978,000 (2016: profit of \$133,000) has been transferred to reserves.

# **Finastra Europe Limited**

## **Directors' report (continued) For the year ended 31 May 2017**

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### **Financial risk management**

The Company is exposed to a variety of financial risks including foreign exchange currency risk, credit risk and liquidity risk.

#### *Foreign exchange currency risk*

The Company operates internationally and is exposed to foreign currency fluctuations, primarily GBP. Foreign exchange risks arise when future commercial transactions and recognised assets and liabilities are denominated in currencies that are not the Company's functional currency. The Misys Group's net exposure to foreign currency risk is illustrated by the sensitivity analysis in note 28 of the Misys Group's annual report.

#### *Credit risk*

The Company's principal financial assets are amounts owed by group undertakings. The Misys Group regularly reviews intercompany balances for impairment and, where appropriate, adjustments to the carrying value are made at a subsidiary level.

#### *Liquidity risk*

The Company currently has no requirements for external debt finance; sufficient funds for operations are maintained at a Misys Group level.

Further details of the Misys Group's risk policies are available within the Misys Group's annual report.

### **Directors**

The Directors who served during the year and up to the date of signing the financial statements were as follows:

T Homer  
J Van Harken  
J Olivier  
T Kilroy

### **Directors' indemnities**

All Directors have been granted an indemnity by the intermediate parent company, Finastra Limited (formerly Tahoe Subco 1 Ltd), to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 which was made during the financial year and remains in force at the date of this report.

# **Finastra Europe Limited**

## **Directors' report (continued) For the year ended 31 May 2017**

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### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements of the Company in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements of the Company for each financial year. Under that law the Directors have elected to prepare the audited financial statements of the Company in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

Under Company law the Directors must not approve the audited financial statements of the Company unless satisfied that they 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 audited financial statements of the Company, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 audited financial statements of the Company 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 to enable them to ensure that the audited audited financial statements of the Company comply with the Companies Act 2006. 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.

### **Disclosure of information to auditors**

So far as each Director is are aware, there is no relevant audit information of which the Company's auditors were unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

PricewaterhouseCoopers LLP have been appointed as auditors during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:



**T Homer**  
Director

Date: 26 JANUARY 2018

# **Finastra Europe Limited**

## **Independent auditors' report to the members of Finastra Europe Limited (formerly Misys Holdings UK Limited)**

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### **Report on the financial statements**

#### ***Our opinion***

In our opinion, Finastra Europe Limited (formerly Misys Holdings UK Limited)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 May 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***What we have audited***

The financial statements, included within the report and financial statements (the "annual report"), comprise:

- the Balance sheet as at 31 May 2017;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### ***Adequacy of accounting records and information and explanations received***

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



# **Finastra Europe Limited**

## **Independent auditors' report to the members of Finastra Europe Limited (formerly Misys Holdings UK Limited) (continued)**

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### ***Directors' remuneration***

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### ***Our responsibilities and those of the Directors***

As explained more fully in the Statement of Directors' responsibilities set out on page 4, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### ***What an audit of financial statements involves***

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

## **Finastra Europe Limited**

**Independent auditors' report to the members of Finastra Europe Limited (formerly Misys Holdings UK Limited) (continued)**

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### **Other matter**

The comparative information as at, and for the period ended 31 May 2016 has not been audited.



**Alex Hookway** (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
United Kingdom

Date: 26 January 2018

# Finastra Europe Limited

## Statement of comprehensive income For the year ended 31 May 2017

		2017	As restated Unaudited 2016
	Note	\$000	\$000
Administrative expenses		(2,385)	(466)
Impairment of investments in subsidiaries	11	(3,648)	-
<b>Operating loss</b>	4	<b>(6,033)</b>	<b>(466)</b>
Interest receivable and similar income	7	168	699
Interest payable and similar expenses	8	(113)	(100)
<b>(Loss)/profit before taxation</b>		<b>(5,978)</b>	133
Tax on (loss)/profit	9	-	-
<b>(Loss)/profit for the financial year</b>		<b>(5,978)</b>	133
<b>Amounts that may be subsequently reclassified to profit or loss</b>			
Exchange differences on translation to presentation currency	15	-	(1,183)
<b>Total other comprehensive expense for the year</b>		<b>-</b>	<b>(1,183)</b>
<b>Total comprehensive expense for the year</b>		<b>(5,978)</b>	<b>(1,050)</b>

All amounts relate to continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

# Finastra Europe Limited

Registered number: 01752099

## Balance sheet As at 31 May 2017

	Note	2017 \$000	As restated Unaudited 2016 \$000
<b>Non-current assets</b>			
Investments	11	1,777	2,651
Trade and other receivables: amounts falling due after more than one year	12	11,490	14,442
		<u>13,267</u>	<u>17,093</u>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	12	839	1,253
		<u>14,106</u>	<u>18,346</u>
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables: amounts falling due after more than one year	13	(1,738)	-
		<u>12,368</u>	<u>18,346</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	14	12,294	12,294
Translation reserve	15	(42,485)	(42,485)
Retained earnings	15	42,559	48,537
		<u>12,368</u>	<u>18,346</u>
<b>Total shareholders' funds</b>			

The financial statements on pages 8 to 22 were approved by the Board of Directors and signed on its behalf by:

  
J Olivier  
Director

Date: 26 JANUARY 2018

The notes on pages 11 to 22 form part of these financial statements.

## Finastra Europe Limited

### Statement of changes in equity For the year ended 31 May 2017

	Called up share capital \$000	Translation reserve \$000	Retained earnings \$000	Total shareholders' funds \$000
<b>At 1 June 2015 (Unaudited)</b> <b>(as restated - see note 3)</b>	12,294	(41,302)	51,301	22,293
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	133	133
<b>Total comprehensive income for the year</b>	-	-	133	133
Dividends (note 10)	-	-	(2,897)	(2,897)
Exchange differences on translation to presentation currency	-	(1,183)	-	(1,183)
<b>Total transactions with owners</b>	-	(1,183)	(2,897)	(4,080)
<b>At 1 June 2016 (Unaudited)</b> <b>(as restated - see note 3)</b>	12,294	(42,485)	48,537	18,346
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(5,978)	(5,978)
<b>Total comprehensive expense for the year</b>	-	-	(5,978)	(5,978)
<b>At 31 May 2017</b>	12,294	(42,485)	42,559	12,368

The notes on pages 11 to 22 form part of these financial statements.

# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **1. Accounting policies**

The Company is a private company limited by shares, domiciled in the United Kingdom. The Company is incorporated in England and Wales and its registered address is shown on the Company Information page at the beginning of these financial statements.

With effect from 19 May 2017, the name of the Company was changed from Misys Holdings UK Limited to Misys Europe Limited.

With effect from 12 July 2017, the name of the Company was changed from Misys Europe Limited to Finastra Europe Limited.

#### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006, Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company's financial statements have been subject to an audit for the year ended 31 May 2017. The Company's financial statements were not subject to an audit for the year ended 31 May 2016 and as such the prior year figures presented are unaudited.

#### **Financial Reporting Standard 101 - reduced disclosure exemptions**

In preparing these financial statements the Company has taken advantage of all relevant disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly-owned members of the group headed by Misys Newco 2 S.à r.l.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Misys Newco 2 S.à r.l., these financial statements do not include certain disclosures in respect of:

- financial instruments; and
- impairment of assets.

The financial statements of Misys Newco 2 S.à r.l. can be obtained as described in note 18.

# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **1. Accounting policies (continued)**

The principal accounting policies which have been applied consistently throughout the year are set out below.

#### **Changes in accounting policy and disclosures**

##### *New standards, interpretations and amendments adopted*

The following amendments have been adopted in the current year:

- IAS 1 Presentation of Financial Statements

The adoption of these amendments have not led to any significant impact on the amounts reported in these financial statements.

#### **Investments**

Investments in subsidiary undertakings held as non-current assets are stated at cost plus incidental expenses less any provision for impairment considered necessary.

Other investments are classified as fair value through profit or loss. Gains and losses arising from changes in fair value are included in the profit or loss in the period in which they arise.

#### **Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and annually in the fourth quarter. Prior impairments of investments are reviewed for possible reversal annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### **Financial assets**

The Company's financial assets are classified either as 'at fair value through profit or loss' or as 'loans and receivables'.

Financial assets at fair value through profit or loss are financial assets held for trading or where designated as such on original recognition. Gains and losses arising from changes in fair value of financial assets at fair value through profit or loss are included in the Statement of comprehensive income in the period in which they arise. Financial assets at fair value through profit or loss are subsequently held at fair value. The Company's assets at fair value through profit or loss comprise of other investments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company's loans and receivables comprise amounts owed by group undertakings.

# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **1. Accounting policies (continued)**

#### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities are classified as loans and borrowings and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense. The Company's loans and borrowings comprise amounts owed to group undertakings.

#### **Taxation**

Taxation comprises the amount chargeable on the profits for the year, together with deferred taxation. Deferred taxation is recognised, using the liability method, in respect of all temporary differences arising between tax basis of assets and liabilities and their carrying amount in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits from which the underlying temporary differences can be deducted or where there are deferred tax liabilities against which the assets can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient profits will be available. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit or loss except when the tax relates to items charged or credited to Other comprehensive income or directly in equity, in which case the tax is also recognised in Other comprehensive income or directly in equity.

#### **Foreign exchange**

On 1 June 2016, the Company's functional currency changed from Sterling to US Dollars due to investments and amounts owed to and from group undertakings being primarily denominated in US Dollars. The decision was taken to change the presentation currency of the Company from Pound Sterling to US Dollars from this date, which has been applied retrospectively. Exchange differences arising as a result of the change in functional currency are recognised in other comprehensive income. For more information see note 3.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of each transaction. Exchange differences arising from settlement of trading indebtedness are included in operating profit or loss.

The Sterling exchange rate to US Dollars, the presentation currency, at 31 May 2017 was 1.28 (2016: 1.47).



# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 1. Accounting policies (continued)

#### Dividends

Dividend income is recognised when the right to receive payment is established.

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which dividend is approved by the Company's shareholders.

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors make estimates and assumptions concerning the future for the Company. The resulting accounting estimates will, by definition, seldom equate to actual results. The critical assumptions that have been made in arriving at the amounts recognised in the Company's financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below:

#### *Provision for impairment in investments and intercompany receivables*

Management reviews the balances held as investments and receivable balances with fellow group undertakings to assess for any impairment. Where there are insufficient net assets in the investment or group undertaking, management assess the likelihood of future profits, to determine whether an impairment exists.

### 3. Prior year adjustment

On 1 June 2016 the Company's functional currency changed from Sterling to US Dollars due to investments and amounts owed to and from group undertakings being primarily denominated in US Dollars. The change in functional currency has been accounted for prospectively from this date.

The decision was taken to change the presentation currency of the Company from Pound Sterling to US Dollars from this date to remain in-line with the functional currency. As a change in accounting policy, this has been applied retrospectively with comparative amounts being restated to US Dollars using the closing rate for Balance sheet items, the average rate for Statement of comprehensive income items and the historic rate for called up share capital.

Exchange differences arising on the translation of comparative amounts from the functional to presentation currency are recognised in other comprehensive income in a separate translation reserve. As a result of the retrospective change in presentation currency, the balance on this translation reserve at 1 June 2015 was \$(41,302,000) and at 31 May 2016 was \$(42,393,000).

### 4. Operating loss

The operating loss is stated after charging:

	2017	As restated 2016
	\$000	\$000
Impairment of investments in subsidiaries (note 11)	3,648	-
Foreign exchange loss	2,385	466

There were no employees in the year (2016: nil).

# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 5. Auditors' remuneration

The following represent fees payable to the Company's auditors for the audit of the Company's financial statements and other services:

	2017 \$000	As restated 2016 \$000
Fees for the audit of the Company	10	-

Audit fees have been borne by another group company.

### 6. Directors' remuneration

	2017 \$000	As restated 2016 \$000
Directors' remuneration	1,957	818
Money purchase pension costs for four Directors (2016: four)	39	78

The highest paid Director received remuneration excluding money purchase pension contributions of \$1,204,000 (2016: \$248,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to \$13,000 (2016: \$18,000).

As at 31 May 2017, a total balance of \$91,000 (2016: \$598,000) was payable to the Company's Directors in relation to bonuses for the financial performance of the prior fiscal year.

There was one Director (2016: one) who in respect of their qualifying services, shares were received or receivable under long-term incentive schemes in another group company.

The Directors are paid by another group company for their services as employees, rather than being of an executive nature.

Misys Group policy allows for the cost of any services performed by the Directors, in the capacity as employees of a fellow subsidiary, to be recharged to the Company.

### 7. Interest receivable and similar income

	2017 \$000	As restated 2016 \$000
Fair value gains on other investments	-	272
Interest receivable from group undertakings	168	427
	168	699

# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 8. Interest payable and similar expenses

	2017 \$000	As restated 2016 \$000
Fair value losses on other investments	59	-
Interest payable to group undertakings	54	100
	<u>113</u>	<u>100</u>

### 9. Tax on (loss)/profit

	2017 \$000	As restated 2016 \$000
<b>Current tax</b>		
UK corporation tax charge for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.83% (2016: 20.00%). The differences are explained below:

	2017 \$000	As restated 2016 \$000
(Loss)/profit before taxation	(5,978)	133
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.83% (2016: 20.00%)	(1,136)	27
<b>Effects of:</b>		
Expenses not deductible for tax purposes	705	-
Non-taxable income	-	(54)
Reversal of deferred tax not previously recognised	245	27
Group relief surrendered without charge	186	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **9. Tax on (loss)/profit (continued)**

#### **Factors that may affect future tax charges**

The effect of the changes to the corporation tax rates substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

At 31 May 2017, there was an unrecognised deferred tax asset of \$50,654,000 (2016: \$59,991,000) in respect of unused tax losses. This deferred tax asset has not been recognised as it is unlikely the Company will have sufficient future profits to utilise the tax losses.

### **10. Dividends**

	<b>2017</b>	<b>As restated</b>
	<b>\$000</b>	<b>2016</b>
		<b>\$000</b>
Ordinary shares		
Interim paid of \$nil (2016: \$0.38) per share	-	2,897
	<u>          </u>	<u>          </u>

# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 11. Investments

	Investments in subsidiaries \$000	Other investments \$000	Total \$000
<b>Cost</b>			
At 1 June 2016 (as restated)	-	2,651	2,651
Additions	3,648	-	3,648
Cash distribution	-	(815)	(815)
Fair value movement	-	(59)	(59)
At 31 May 2017	<u>3,648</u>	<u>1,777</u>	<u>5,425</u>
<b>Impairment</b>			
Charge for the year	3,648	-	3,648
At 31 May 2017	<u>3,648</u>	<u>-</u>	<u>3,648</u>
<b>Net book value</b>			
At 31 May 2017	<u>-</u>	<u>1,777</u>	<u>1,777</u>
At 31 May 2016 (as restated)	<u>-</u>	<u>2,651</u>	<u>2,651</u>

The addition to investments in subsidiaries of \$3,648,000 relates to an increase in the share capital of Misys International Banking Systems (CIS) Limited, which was subsequently impaired to net asset value of \$nil.

The Company is exempt under Sections 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Misys Newco 2 S.à r.l., a company incorporated in Luxembourg.

#### Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office address	Holding	Principal activity
ACT Pension Trustees Limited	One Kingdom Street, Paddington, London, W2 6BL, United Kingdom	100 %	In liquidation
Misys Worcester Limited	One Kingdom Street, Paddington, London, W2 6BL, United Kingdom	100 %	Dissolved 19.09.17
Misys International Banking Systems (CIS) Limited	One Kingdom Street, Paddington, London, W2 6BL, United Kingdom	100 %	^

^ denotes that the Company entered into strike off with effect from 1 September 2017.

# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 11. Investments (continued)

The other investments' cost brought forward of \$2,651,000 relates to a holding in Accel Europe Limited Partnership, formed in the United States of America. The Partnership invests primarily in companies in software and technology infrastructure industries in the United States, the United Kingdom, and Israel. The company also has an investment holding in Accel Keiretsu VI Limited Partnership, formed in the United States of America which is held at its fair value of \$nil. The Partnership maintains investments in technology and media sectors globally.

The fair value movement relating to other investments of \$59,000, wholly relates to the holding in Accel Europe Limited Partnership. This movement relates to the result of valuing the other investments at market value at 31 May 2017. Fair value gains and losses are recognised within finance costs (see notes 7 and 8).

In the opinion of the Directors, the carrying value of the Company's investments in subsidiaries is not greater than the underlying net asset value of those investments.

### 12. Trade and other receivables

	2017 \$000	As restated 2016 \$000
<b>Amounts falling due after more than one year</b>		
Amounts owed by group undertakings	11,490	14,442
	<u>11,490</u>	<u>14,442</u>
	2017 \$000	As restated 2016 \$000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	839	1,253
	<u>839</u>	<u>1,253</u>

Amounts owed by group undertakings are unsecured and repayable on demand. The Company has no immediate intention to recall \$11,490,000 of these balances (2016: \$14,442,000) in the short-term and so these amounts are classified as amounts falling due after more than one year.

Of the amounts owed by group undertakings above, \$11,354,000 (2016: \$14,442,000) is interest-bearing. The make-up of this amount has attracted interest at a floating rate ranging from 1.59% to 2.17% (2016: 1.57% to 1.59%) during the year.

# Finastra Europe Limited

## Notes to the financial statements For the year ended 31 May 2017

### 13. Trade and other payables: amounts falling due after more than one year

	2017 \$000	As restated 2016 \$000
Amounts owed to group undertakings	1,738	-

Amounts owed to group undertakings are unsecured and repayable on demand. However payment of \$1,738,000 (2016: \$nil) is not expected within the short-term and so these amounts are classified as non-current liabilities.

Of the amounts owed to group undertakings above, \$1,701,000 (2016: \$nil) is interest-bearing. The makeup of this amount has attracted interest at a floating rate ranging from 1.35% to 4.68% (2016: 4.28% to 4.63%) during the year.

### 14. Called up share capital

	2017 \$000	As restated 2016 \$000
<b>Allotted, called up and fully paid</b>		
7,654,123 (2016: 7,654,123) Ordinary shares of £1 each	12,294	12,294

### 15. Reserves

#### Translation reserve

The translation reserve represents amounts arising as a result of translating financial statement items from the functional currency into the presentation currency.

#### Retained earnings

Retained earnings represents cumulative profits, losses and total other recognised income or losses made by the Company, including distributions to, and contributions from, the owners.

# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **16. Contingent liabilities**

At the year end, the Company, together with several other wholly-owned subsidiaries of Misys Newco 2 S.à r.l., guaranteed the credit facilities of the Misys Group. These facilities comprised secured credit arrangements for \$1,173.1m for the first lien loans and \$625m for the second lien loans, which were due to mature on 12 December 2018 and 12 June 2019 respectively. Under the credit facilities of the Misys Group, there was a fixed and floating charge over all the assets of the Company. There was also a negative pledge over these assets.

Post year-end, as part of the combination with D+H, Vista Equity Partners, the Misys Group's ultimate controlling party, arranged for new external debt finance in order to refinance its existing debt and provide funding for the acquisition of D+H. The new external debt finance consisted of \$3,582m and €850m First Lien Term Loans, a \$1,245m Second Lien Term Loan, and a Multi-Currency Revolving Credit Facility ("new RCF") totalling \$400m. The First Lien Term loans mature on 13 June 2024, the Second Lien Term loan matures on 13 June 2025 and the new RCF matures on 13 June 2022. The Company, together with several other wholly-owned subsidiaries of the newly formed Finastra Limited (formerly Tahoe Subco 1 Ltd), guarantee these credit facilities. Under the credit facilities there is a fixed and floating charge over all the assets of the Company. There is also a negative pledge over these assets.

### **17. Subsequent events**

Effective 1 June 2017, the Company changed its functional currency to Euros, and was enabled to contract with customers in Euros from 1 June 2017.

#### *Combination of Misys Group and D+H Group*

On 13 June 2017, Vista Equity Partners, the Company's ultimate controlling party, completed the acquisition of DH Corporation ("D+H") and the combination of D+H with the Misys Group. D+H is the largest Canadian-based software provider of lending, payments and financial solutions and the combination created a diversified Fintech market leader, with a global footprint. The combined group has the broadest set of financial software solutions available on the market, with in excess of \$2bn in revenues, approximately 10,000 employees and more than 9,000 customers across 130 countries, including 48 of the top 50 banks.

As part of the combination, Vista Equity Partners entered into a series of transactions which had the effect of transferring the Misys Group to a new holding company, Finastra Limited (formerly Tahoe Subco 1 Ltd), incorporated in the Cayman Islands.

*The following transactions took place, associated with the acquisition, that had a direct impact on the Company:*

Finastra Europe S.A. (formerly Misys Europe), a fellow subsidiary, drew down external first and second lien debt and advanced the Company €1,445,054,243 net of loan arrangement fees of €4,945,757.

Of these funds, the Company advanced €182,892,184 to Misys International Limited (an intermediate parent company) and used the remaining funds to subscribe for 1,262,162,058 ordinary shares of €0.10 each and premium of €1,135,945,853 denominated non-voting ordinary shares in Finastra Holdings Limited (formerly MIBS Holdings Limited), a fellow group subsidiary.

#### *Cayman Islands Stock Exchange*

On 30 August 2017, as a result of re-financing following the acquisition of D+H, the Company admitted to the Official List of the Cayman Islands Stock Exchange ("the CSX") unsecured Loan Notes due 2024 of €570,190,164 and €850,000,000. The notes were all held by fellow Misys Group undertakings and the Directors have no immediate intention of trading the notes externally.



# **Finastra Europe Limited**

## **Notes to the financial statements For the year ended 31 May 2017**

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### **18. Ultimate parent company**

The Company's immediate parent company is Finastra Group Holdings Limited (formerly Misys Limited), whose registered office address is One Kingdom Street, Paddington, London, W2 6BL.

As at the balance sheet date the parent company of the smallest group in which the Company is included in consolidated financial statements was that of Misys Newco 2 S.à r.l., a company registered in Luxembourg. As at the balance sheet date the parent company of the largest group in which the Company is included in consolidated financial statements was that of Misys Newco S.à r.l., a company registered in Luxembourg.

Misys Newco 2 S.à r.l. merged into Misys Newco S.à r.l. on 27 December 2017 and Misys Newco S.à r.l. merged into Turaz Global S.à r.l. (another Group company) on 29 December 2017.

Copies of the consolidated financial statements of Misys Newco 2 S.à r.l. and Misys Newco S.à r.l. for the year ended 31 May 2017 may be obtained from the Misys Group Secretariat, One Kingdom Street, Paddington, London W2 6BL.

Consolidated financial statements for the year ended 31 May 2018 will be prepared for Finastra Limited, a company incorporated in the Cayman Islands and tax resident in the UK.

The party which controls the Company is Vista Equity Partners based in USA.