

Company Registration Number 2246025

FINANCIAL OPTIONS SERVICES LIMITED

Report and Financial Statements

31 May 2002



FINANCIAL OPTIONS SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 2002.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company was to supply services to Independent Financial Advisers. The activities of the Company have been transferred to another group company from 1 June 2001. The Company has not traded since this date. It continues to hold several investments and receive income in relation to these. In the opinion of the Directors the Company will continue to act as a holding company in the forthcoming year.

RESULTS AND DIVIDENDS

The results and dividends of the Company for the year are set out in detail on page 4. The Directors do not recommend the payment of a dividend for the year (2001 : £nil). Profits of £241,000 (2001 : losses of £1,409,000) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The names of the corporate entities who served as Directors of the Company and their interests in the share capital of the ultimate parent company, Misys plc, were as follows:

	Misys plc Ordinary shares of 1p each 2002	2001 or date of appointment
Misys IFA Services plc	0	0
Misys Corporate Director Limited (Appointed 31 May 2002)	0	0

Misys IFA Services plc holds 100% of the share capital of the company.

No other director had any interest in shares of the company or any other group undertaking except as disclosed above.

AUDITORS

PricewaterhouseCoopers have expressed their willingness to continue in office as Auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 1 July 2002 and signed on its behalf by



Misys IFA Services plc
Director

FINANCIAL OPTIONS SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the period to that date. The requirements are specified in the Companies Act 1985 and in applicable accounting standards. It is also the Directors' responsibility to:

Maintain adequate accounting records;

Safeguard the assets of the Company;

Prevent and detect fraud and other irregularities;

Prepare financial statements on the going concern basis, unless it is inappropriate.

The Directors confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

FINANCIAL OPTIONS SERVICES LIMITED

AUDITORS' REPORT

Independent auditors' report to the members of Financial Options Services Limited

We have audited the financial statements on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 on page 2.

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.

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.

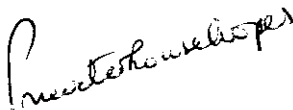
Basis of audit opinion

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

17 July 2002

FINANCIAL OPTIONS SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
Year to 31 May 2002

	Note	2002 £'000	2001 £'000
TURNOVER	1	0	54
Cost of sales		<u>0</u>	<u>(630)</u>
GROSS PROFIT		0	(576)
Operating costs			
Administrative expenses		2	(1,249)
Income from participating interests		<u>239</u>	<u>149</u>
OPERATING PROFIT (LOSS)	2	241	(1,676)
Interest receivable	3	<u>0</u>	<u>142</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		241	(1,534)
Tax on profit (loss) on ordinary activities	5	0	125
PROFIT (LOSS) FOR THE YEAR	10	<u>241</u>	<u>(1,409)</u>

The results for the year reflect trading from continuing operations. There are no gains and losses for the periods other than the result for the financial years above. Accordingly, no statement of total recognised gains and losses is given.

FINANCIAL OPTIONS SERVICES LIMITED
BALANCE SHEET

31 May 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Investments	13	<u>324</u>	<u>324</u>
CURRENT ASSETS			
Debtors	6	1	672
Cash at bank and in hand		<u>0</u>	<u>33</u>
		1	705
CREDITORS: amounts falling due within one year	7	<u>(1,300)</u>	<u>(2,075)</u>
NET CURRENT LIABILITIES		<u>(1,299)</u>	<u>(1,370)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(975)</u>	<u>(1,046)</u>
 PROVISIONS FOR LIABILITIES AND CHARGES	8	<u>(280)</u>	<u>(450)</u>
		<u><u>(1,255)</u></u>	<u><u>(1,496)</u></u>
 CAPITAL AND RESERVES			
Share capital	9	115	115
Capital redemption reserve		288	288
Profit and loss account	10	<u>(1,658)</u>	<u>(1,899)</u>
EQUITY SHAREHOLDER'S DEFICIT	11	<u><u>(1,255)</u></u>	<u><u>(1,496)</u></u>

Approved by the Board of Directors on 17 July 2002 and signed on its behalf by


Misys IFA Services plc
Director

FINANCIAL OPTIONS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year to 31 May 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has adopted Financial Reporting Standard 18 "Accounting Policies" and Financial Reporting Standard 19 "Deferred Tax" during the year. FRS 18 and FRS 19 had no effect on the financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services which fall within the companies ordinary activities and is all derived in the UK.

Deferred taxation

Deferred tax is provided using the full provision method following the Company's adoption of FRS 19 "Deferred Tax". 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. Previously, deferred tax was provided on the liability method to the extent that it was probable that an asset or liability will crystallise in the foreseeable future. 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.

2. OPERATING PROFIT (LOSS)

The auditors' remuneration is borne by Misys IFA Services plc, a fellow group subsidiary, which acts as a service Company. Depreciation on owned assets was £nil (2001 : £33,000).

3. INTEREST RECEIVABLE

	2002 £'000	2001 £'000
Interest receivable	<u>0</u>	<u>142</u>

4. DIRECTORS AND EMPLOYEES

The average number of staff employed by the company in management and administration was nil (2001 : 41).

Employee costs during the year amounted to:	2002 £'000	2001 £'000
Wages and salaries	0	945
Social security costs	0	94
Other pension costs	0	37
	<u>0</u>	<u>1,076</u>

During 2001 all of the Company's employees were transferred to Misys IFA Services plc, a fellow group subsidiary, which acts as a service company. None of the Directors received any emoluments for their role as Director of the Company during the year.

FINANCIAL OPTIONS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year to 31 May 2002

5. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
Corporation tax at 30% (2001 : 30%)	<u>0</u>	<u>(125)</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit (loss) on ordinary activities before tax	<u>241</u>	<u>(1,534)</u>
Profit (loss) on ordinary activities at the standard rate of UK corporation tax of 30%	72	(460)
Effects of:		
Non provided timing differences	0	(25)
Benefits of Group Relief not recognised	0	360
Non taxable UK dividend income	<u>(72)</u>	<u>0</u>
	<u>0</u>	<u>(125)</u>

6. DEBTORS

	2002 £'000	2001 £'000
Debtors due within one year		
Trade debtors	1	3
Corporation tax	0	125
Prepayments and accrued income	0	544
	<u>1</u>	<u>672</u>

FINANCIAL OPTIONS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2002

7. CREDITORS: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	0	597
Amounts owed to group undertakings	1,297	1,462
Other creditors	3	16
	<u>1,300</u>	<u>2,075</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

	Legal Costs £'000	Total £'000
At 1 June 2001	450	450
Utilised	(170)	(170)
	<u>280</u>	<u>280</u>
At 31 May 2002	<u>280</u>	<u>280</u>

The provision for legal costs relates to a case where the Company is pursuing a claim against the Company's Professional Indemnity Insurers in relation to redress payments and costs incurred in relation to the review of past pension transfer and opt-out business required by the Financial Services Authority.

Deferred Taxation

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:

	2002 £'000	2001 £'000
Accelerated capital allowances	<u>7</u>	<u>9</u>

FINANCIAL OPTIONS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2002

9. SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
603,797 'B' ordinary shares of £1 each	604	604
8,703 'A' ordinary shares of £1 each	9	9
288,000 redeemable preference shares of £1 each	288	288
	<u>901</u>	<u>901</u>
Allotted and fully paid		
8,445 'A' ordinary shares of £1 each	9	9
106,316 'B' ordinary shares of £1 each	106	106
	<u>115</u>	<u>115</u>

The 'A' ordinary shares and 'B' ordinary shares have equal voting rights and equal dividend entitlements.

On the winding up of the company any assets will be distributed as though the 'A' ordinary and 'B' ordinary were one class of share.

10. PROFIT AND LOSS ACCOUNT

	£'000
At 1 June 2001	(1,899)
Profit for the year	241
At 31 May 2002	<u>(1,658)</u>

11. RECONCILIATION OF SHAREHOLDER'S DEFICIT

	2002 £'000	2001 £'000
Profit for the financial year	241	(1,409)
Opening shareholder's deficit	(1,496)	(87)
Closing shareholder's deficit	<u>(1,255)</u>	<u>(1,496)</u>

FINANCIAL OPTIONS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2002

12. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The Company's ultimate parent company is Misys plc, a company registered in England. 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.

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

The Company is a wholly owned subsidiary of Misys plc and is included in the financial statements of Misys plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing the cash flow statement under the terms of FRS 1 (Revised 1996).

13. INVESTMENTS

Cost

£'000

At 31 May 2001 and 2002

324

Name	Class of Share	Proportion Held	£'000
Financial Options Ltd	Ordinary	100%	200
	Preference	100%	100
Investment Options Ltd	Ordinary	100%	10
Endowment Options Ltd	Ordinary	75%	1
Education and Development Ltd	Ordinary	100%	0
I.F.A. Training School Ltd	Ordinary	100%	1
Investment Options Management Ltd	Ordinary	100%	1
Financial Options Advisors Ltd	Ordinary	100%	1
Financial Options (Scotland) Ltd	Ordinary	100%	0
Independent Specialist Technology (UK) Ltd	Ordinary	29.82%	10
School Fees Investment Advisers Ltd	Ordinary	30%	0
			<u>324</u>

All the above companies are registered in England and Wales. The principal activity of Financial Options Limited is the supply of services to Independent Financial Advisers, of Independent Specialist Technology (UK) Limited is the supply of software and related services to Independent Financial Advisers and all the other companies are dormant. The Company has taken advantage of Section 228 of the Companies Act 1985 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of Misys plc, which prepares consolidated financial statements which are publicly available.