

COUNTRYWIDE MANAGEMENT GROUP PLC

Report and Financial Statements

31 May 1995



# COUNTRYWIDE MANAGEMENT GROUP PLC

## DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 1995.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is the supply of services to independent financial advisers. The trend of increasing turnover and profits is expected to continue for the foreseeable future.

### RESULTS AND DIVIDENDS

The results and dividends of the Company for the year are set out in detail on page 4. An interim dividend of £300,000 (1994 – £nil) was paid during the year. The Directors do not recommend the payment of a final dividend for the year. Losses of £170,725 (1994 – profits of £3,051,282) have been deducted from reserves.

### DIRECTORS AND THEIR INTERESTS

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 5p each	
	1995	1994
J K Lomax	*	*
M K O'Leary	*	*
P L Tann (resigned 24 November 1994)	n/a	—
D A Simpson	—	—
L Graham	—	—
R H F Croft (appointed 16 December 1994)	—	—
B J Turnock (resigned 31 October 1994)	n/a	12
J J Gaskin (appointed 7 November 1994)	—	—
R Francis	—	—

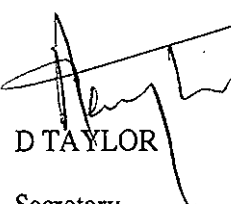
No Director had any interest in shares of the Company and other group undertakings.

\* J K Lomax and M K O'Leary are directors of the ultimate parent company, Misys plc, and their interest in shares are shown in the financial statements of that company.

### AUDITORS

Touche Ross & Co. 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 and signed on behalf of the Board.



D TAYLOR

Secretary  
10 August 1995

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**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.

# AUDITORS' REPORT TO THE MEMBERS OF COUNTRYWIDE MANAGEMENT GROUP PLC

---

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on page 6.

## Respective responsibilities of directors and auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## Basis of 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 affairs of the company as at 31 May 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co  
Chartered Accountants and Registered Auditors  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

29 September 1995.

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**PROFIT AND LOSS ACCOUNT**  
Year ended 31 May 1995

	Note	1995 £	1994 £
TURNOVER		2,075,702	1,543,938
Operating costs			
Administrative expenses		(1,948,752)	(1,529,114)
OPERATING PROFIT	2	126,950	14,824
Profit on sale of subsidiary undertaking		—	3,055,655
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		126,950	3,070,479
Interest payable	5	(17,927)	(19,197)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		109,023	3,051,282
Tax on profit on ordinary activities	6	20,252	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		129,275	3,051,282
Dividends (including dividends on non-equity shares)		300,000	—
PROFIT (LOSS) FOR THE YEAR	13	(170,725)	3,051,282

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

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**BALANCE SHEET**  
**31 May 1995**

	Note	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	8	446,851	351,887
<b>CURRENT ASSETS</b>			
Debtors	9	2,248,786	2,563,123
CREDITORS: amounts falling due within one year	10	(171,599)	(190,855)
<b>NET CURRENT ASSETS</b>		<u>2,077,187</u>	<u>2,372,268</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,524,038</u>	<u>2,724,155</u>
CREDITORS: amounts falling due after more than one year	10	(73,958)	(103,350)
		<u>2,450,080</u>	<u>2,620,805</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	1,200,000	1,200,000
Share premium account		327,540	327,540
Profit and loss account	13	922,540	1,093,265
<b>TOTAL SHAREHOLDER'S FUNDS</b>	14	<u>2,450,080</u>	<u>2,620,805</u>
Equity interests		1,450,080	1,620,805
Non-equity interests		1,000,000	1,000,000
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<u>2,450,080</u>	<u>2,620,805</u>

Approved by the Board of Directors on 10 August 1995 and signed on its behalf by

*M.K. O'Leary*

M K O'LEARY, Director

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 1995**

---

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Tangible fixed assets**

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight line basis over its expected useful life. The rates applied from the date of purchase are:

Furniture, fittings & equipment	10% – 25% per annum
---------------------------------	---------------------

Motor vehicles	25% per annum
----------------	---------------

**Deferred taxation**

Deferred taxation is calculated using the liability method on all timing differences, at the rate at which it is anticipated the timing difference will reverse. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

**Turnover**

Turnover represents management charges receivable.

**Leasing**

Fixed assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the lease obligations are charged to the profit and loss account over the period of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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.

**Pensions**

The company operates a defined contribution pension scheme covering some of its employees. The costs of the pension scheme are charged to the profit and loss account as incurred.

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 May 1995

**2. OPERATING PROFIT**

	1995	1994
	£	£
Operating profit is arrived at after charging:		
Depreciation of owned assets	93,494	52,718
Depreciation of assets held under finance leases	59,643	62,877
Operating leases – plant and machinery	14,531	16,594
– land and buildings	100,827	91,501
Auditors' remuneration – audit services	35,074	22,625
– non audit services	759	6,222
	<u>          </u>	<u>          </u>

**3. EMPLOYEES**

	1995	1994
	Number	Number
The average number employed by the company was as follows:		
Sales staff	14	8
Administrative and Management staff	28	27
	<u>          </u>	<u>          </u>
	42	35
	<u>          </u>	<u>          </u>

	1995	1994
	£	£
Employee costs during the year amounted to:		
Wages and salaries	860,360	775,652
Social security costs	83,377	50,103
Other pension costs	29,661	22,372
	<u>          </u>	<u>          </u>
	973,398	848,127
	<u>          </u>	<u>          </u>



**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 May 1995

**4 DIRECTORS' EMOLUMENTS**

	1995 £	1994 £
Management Remuneration	191,979	222,185
Compensation for loss of office	—	71,457
Pension Costs	18,180	15,674
	<u>210,159</u>	<u>309,316</u>
Remuneration of the Chairman	—	—
Remuneration of the highest paid Director	<u>53,760</u>	<u>81,617</u>

	1995 Number	1994 Number
Scale of other directors' remuneration		
£ 0 — £ 5,000	3	1
£ 5,001 — £ 10,000	1	—
£ 15,001 — £ 20,000	—	1
£ 25,001 — £ 30,000	—	1
£ 30,001 — £ 35,000	1	—
£ 40,001 — £ 45,000	—	1
£ 45,001 — £ 50,000	1	1
£ 50,001 — £ 55,000	1	—

**5. INTEREST PAYABLE**

	1995 £	1994 £
Finance lease interest payable	<u>17,927</u>	<u>19,197</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995 £	1994 £
Based on the profit for the year		
Corporation tax over provided in previous years	<u>20,252</u>	<u>—</u>

The effective tax rate for the current and preceeding year is lower than would normally be expected due to the availability of brought forward trading losses for which no deferred taxation asset is recognised.

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 May 1995

**7. DIVIDEND**

	1995 £	1994 £
Interim paid on ordinary shares	168,750	—
Cumulative dividend paid on preference shares	131,250	—
	<u>300,000</u>	<u>—</u>

In October 1993 all the holders of the Preference shares waived their rights to the arrears of the cumulative dividends not paid.

**8. TANGIBLE FIXED ASSETS**

	Furniture, fittings and equipment £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 June 1994	374,031	244,690	618,721
Additions	200,810	81,927	282,737
Disposals	—	(46,631)	(46,631)
Group transfers	1,073	(23,000)	(21,927)
	<u>575,914</u>	<u>256,986</u>	<u>832,900</u>
<b>Accumulated depreciation</b>			
At 1 June 1994	191,945	74,889	266,834
Charge for the year	92,931	60,206	153,137
Disposals	—	(28,660)	(28,660)
Group transfers	107	(5,369)	(5,262)
	<u>284,983</u>	<u>101,066</u>	<u>386,049</u>
<b>Net book value</b>			
At 31 May 1995	<u>290,931</u>	<u>155,920</u>	<u>446,851</u>
At 31 May 1994	<u>182,086</u>	<u>169,801</u>	<u>351,887</u>

Included in the above analysis are fixed assets held under finance leases with a net book value of £155,036 (1994 £176,757).

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 1995**

**9. DEBTORS**

	1995 £	1994 £
Amounts owed by group undertakings	2,183,472	2,420,888
Group relief receivable	—	84,821
Prepayments and accrued income	65,314	57,414
	<u>2,248,786</u>	<u>2,563,123</u>

**10. CREDITORS**

	1995 £	1994 £
<b>Amounts falling due within one year</b>		
Obligations under finance leases	70,707	53,829
Other creditors	—	8,651
Accruals	100,892	128,375
	<u>171,599</u>	<u>190,855</u>
<b>Amounts falling due after more than one year</b>		
Obligations under finance leases repayable between two and five years	73,958	103,350
Total creditors	<u>245,557</u>	<u>294,205</u>

**11. DEFERRED TAXATION**

The unprovided liabilities (assets) are as follows:	1995 £	1994 £
Capital allowances in excess of depreciation	(29,305)	5,455
Other timing difference including losses	(426,081)	(465,497)
	<u>(455,386)</u>	<u>(460,042)</u>

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 May 1995

**12. SHARE CAPITAL**

	1995 £	1994 £
Authorised, issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000
1,000,000 4.5% Cumulative Redeemable Participating Preference shares of £1 each	1,000,000	1,000,000
	<u>1,200,000</u>	<u>1,200,000</u>

The Preference shares are non-voting and are redeemable at par at the option of the Company providing not less than one months notice thereof, but must be redeemed by 31 August 2009. On a winding-up of the company the assets available for distribution among the members shall be applied firstly in repaying to the holders of the Preference shares the amounts paid up on such shares together with any dividend arrears, all other assets will be distributed among the Ordinary share holders pro-rata. The holders of the Preference shares are entitled in priority, to any payment of dividend to Ordinary shares, to a fixed cumulative rate of 4.5% per annum up to 31 August 2008 and at a rate of 10.5% per annum thereafter up to 31 August 2009. In addition there shall be paid to the holders of Preference shares an amount per share equal to the amount of any dividend per share proposed to be paid on each Ordinary share but limited to a maximum of 10.5% per annum.

**13. PROFIT AND LOSS ACCOUNT**

	£
At 1 June 1994	1,093,265
Loss for the year	(170,725)
	<u>922,540</u>
At 31 May 1995	

**14. RECONCILIATION OF SHAREHOLDER'S FUNDS**

	1995 £	1994 £
Profit (loss) for the financial year	(170,725)	3,051,282
Opening shareholder's funds	2,620,805	(430,477)
Closing shareholder's funds	<u>2,450,080</u>	<u>2,620,805</u>

**COUNTRYWIDE MANAGEMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 1995**

---

**15. FINANCIAL COMMITMENTS**

**Operating lease commitments**

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

	Land and buildings £	Other £
Operating leases which expire		
Within one year	17,325	7,481
Between two and five years	107,698	6,364
	<u>125,023</u>	<u>13,845</u>

**16. ULTIMATE PARENT COMPANY**

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 CF4 3UZ.