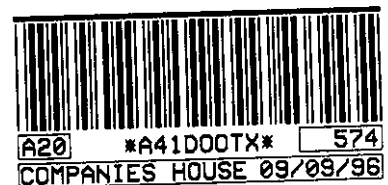


**REGISTERED NO. 02381880**

# **PORTFOLIO MANAGEMENT SOFTWARE LTD**

## **REPORT AND ACCOUNTS**

**FOR THE 18 MONTHS TO 31ST DECEMBER 1995**



# **PORTFOLIO MANAGEMENT SOFTWARE LTD**

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# **PORTFOLIO MANAGEMENT SOFTWARE LTD**

## **REPORT OF THE DIRECTORS**

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The directors present their annual report and the accounts of the company for the 18 months to 31st December 1995, which were approved by the Directors on 3rd September 1996.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company was the supply of computer and consulting services to professional investment managers. Subsequent to 31st December 1995, the business of the Company was transferred to its parent, DST International Limited.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the attached accounts.

No dividends were paid during the year (1993: nil). The directors do not recommend the payment of a final dividend. The company's loss for the year after tax was £381,720 (1993: profit of £148,602) will be set off against retained reserves.

### **FIXED ASSETS**

Information on additions and disposals of fixed assets is detailed in note 7 on page 10.

### **DIRECTORS**

The directors of the company who served during the 18 month period were:

C. R. Shannon (Chairman, Australia) - resigned 28 February 1995  
E. Shannon (Australia) - resigned 28 February 1995  
M. J. Ansell - resigned 28 February 1995  
J. E. Durack - resigned 28 February 1995  
P. Banas - appointed 1 July 1994, resigned 28 February 1995  
J. M. Winn - appointed 28 February 1995

At 31st December 1995, none of the directors had any interest in the shares of the company.

### **CHANGE OF ULTIMATE PARENT COMPANY**

On 28th February 1995, Portfolio Management Software Ltd's parent company, HiPortfolio Pty Ltd and all its group companies, were acquired by DST International Ltd. As a result of this acquisition, Portfolio Management Software Ltd's ultimate parent is DST Systems Inc. based in Kansas City, Missouri, USA.

### **CHANGE OF ACCOUNTING PERIOD**

Following the change of ownership of the company on 28th February 1995, the accounting period was changed to 31st December in line with DST group of companies' year-end.

### **AUDITORS**

The auditors, Price Waterhouse, will be proposed for reappointment in accordance with Section 385 of the Companies Act, 1985.

**BY ORDER OF THE BOARD**

  
S Cooke  
Company Secretary  
3rd September 1996

## **PORTFOLIO MANAGEMENT SOFTWARE LTD**

### **DIRECTORS' RESPONSIBILITIES**

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The following statement which should be read in conjunction with the report of the auditors is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

Company law requires the directors to prepare accounts for each financial year which 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. In preparing their accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

# **AUDITORS' REPORT TO THE MEMBERS OF PORTFOLIO MANAGEMENT SOFTWARE LTD**

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We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

## **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 4, 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 judgments made by the Directors in the preparation of 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 at 31st December 1995 and of the loss of the company for the 18 months then ended and have been properly prepared in accordance with the Companies Act, 1985.

*Price Waterhouse*

**PRICE WATERHOUSE**

**Chartered Accountants  
and Registered Auditors**

**London**

**3rd September 1996**

## PORTFOLIO MANAGEMENT SOFTWARE LTD

### PROFIT AND LOSS ACCOUNT FOR THE 18 MONTHS TO 31ST DECEMBER 1995

		18 months to December 1995	12 months to June 1994
		£000	£000
Turnover from continuing operations	2	4,797	2,542
Cost of Sales		(694)	(374)
Gross Profit		4,103	2,168
Administration expenses	3	(4,635)	(1,953)
Operating (Loss)/Profit		(532)	215
Other interest receivable and similar income		15	29
(Loss)/Profit on ordinary activities before taxation	5	(517)	244
Tax on ordinary activities	6	135	(95)
(Loss)/Profit on ordinary activities after taxation		(382)	149

#### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit and loss for the above two financial periods.

The notes on pages 8 to 12 form part of these financial statements.

# PORTFOLIO MANAGEMENT SOFTWARE LTD

## BALANCE SHEET AT 31ST DECEMBER 1995

		31 December 1995		30 June 1994	
		£000	£000	£000	£000
Tangible Fixed Assets	7		89		84
Current Assets					
Debtors	8	1,201		834	
Cash at bank and in hand		94		707	
		1,295		1,541	
Creditors: Amounts falling due within One year	9	(965)		(824)	
Net Current Assets			330		717
<b>Total Assets Less Current Liabilities</b>			<b>419</b>		<b>801</b>
Capital and Reserves					
Called up share capital	10		600		600
Share premium	11		37		37
Profit and loss account	11,12		(218)		164
<b>Shareholders' Funds</b>			<b>419</b>		<b>801</b>

These accounts were approved by the directors on 3rd September 1996.

J M Winn  
Director

3rd September 1996

The notes on pages 8 to 12 form part of these financial statements.

# PORTFOLIO MANAGEMENT SOFTWARE LTD

## NOTES TO THE ACCOUNTS

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### 1. ACCOUNTING POLICIES

#### (a) Convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following accounting policies have been applied consistently with items considered material in relation to the Company's accounts.

#### (b) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Any gains or losses are taken to the profit and loss account.

#### (c) Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

#### (d) Software maintenance agreements

All support fees invoiced to clients are recognised as revenue evenly over the period that they apply to. The unrecognised portion is held as deferred income under current liabilities.

#### (e) Tangible fixed assets and depreciation

Depreciation is calculated on all tangible fixed assets to write down their cost to their estimated residual values by equal annual installments over the period of their estimated useful economic lives, which are considered to be:

Computer equipment	3 years
Office furnishings and equipment	5 years

#### (f) Leased assets

The cost of operating leases are charged to the profit and loss account as they accrue.

#### (g) Implementation credits

An implementation credit is deducted from licence fees invoices where an amount of implementation time has been included in the licence contract free of charge. The income is then recognised as revenue when earned.

#### (h) Pensions

During the period, the company operated a group personal pension plan. The assets of the Scheme were held separately from those of the company in an independently administered fund. Upon the transfer of staff to another group company, the assets of the fund were transferred into the group company's fund.



# PORTFOLIO MANAGEMENT SOFTWARE LTD

## NOTES TO THE ACCOUNTS (continued)

### 2. ANALYSIS OF TURNOVER

The turnover attributable to each of the company's geographical markets outside the UK amounted to 36% (For the 12 months to June 1994 the percentage was 47%)

### 3. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was:

	18 months to Dec 1995	12 months to June 1994
Analysts/Programmers	31	23
Administration/Sales	5	4
	<u>36</u>	<u>27</u>

The aggregate payroll cost for the year is set out below:

	18 months to Dec 1995 £000	12 months to June 1994 £000
Wages and salaries	1,140	962
Social security costs	112	100
Pension costs	42	-
	<u>1,294</u>	<u>1,062</u>

The Company's staff were transferred to DST International during May 1995. Subsequently, a management recharge from DST International has been taken monthly to match revenue generated in Portfolio Management Software. The cost of this recharge was £1,448,048.

### 4. DIRECTORS' EMOLUMENTS

	18 months to Dec 1995	12 months to June 1994
Management remuneration, pension contributions and benefits in kind	299	156
Chairman's emoluments, including pension contributions	nil	nil
Emoluments of highest paid director, excluding pension contributions	111	88

The emoluments, excluding pension contributions, of the directors (including the Chairman and highest paid director) were within the following ranges:

	18 months to Dec 1995	12 months to June 1994
£0 - £5,000	3	2
£65,001 - £70,000	1	1
£80,001 - £85,000	1	-
£85,001 - £90,000	-	1
£110,001 - £115,000	1	-

# PORTFOLIO MANAGEMENT SOFTWARE LTD

## NOTES TO THE ACCOUNTS (continued)

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is arrived at after charging:

	18 months to Dec 1995 £000	12 months to June 1994 £000
Management Fee	595	-
Depreciation	56	58
Auditors' remuneration	7	9
Directors' emoluments	299	156
	<u>957</u>	<u>223</u>

### 6. TAXATION

	18 months to Dec 1995 £000	12 months to June 1994 £000
Current period @ 33%	(136)	85
Prior period	<u>1</u>	<u>10</u>
	<u>(135)</u>	<u>95</u>

### 7. TANGIBLE FIXED ASSETS

	Computer Equipment £000	Office Furnishings £000	Total £000
<b>Cost:</b>			
At 1st August 1994	194	40	234
Additions	66	1	67
Disposals	-	(23)	(23)
	<u>260</u>	<u>18</u>	<u>278</u>
At 31st December 1995			
<b>Depreciation:</b>			
At 1st August 1994	136	14	150
Charge for the period	51	6	57
Eliminated on disposal	-	(18)	(18)
	<u>187</u>	<u>2</u>	<u>189</u>
At 31st December 1995			
<b>Net Book Value:</b>			
At 31st December 1995	<u>73</u>	<u>16</u>	<u>89</u>
At 30th June 1994	<u>59</u>	<u>25</u>	<u>84</u>

# PORTFOLIO MANAGEMENT SOFTWARE LTD

## NOTES TO THE ACCOUNTS (continued)

### 8. DEBTORS

	December 1995 £000	June 1994 £000
Trade Debtors	767	705
Amounts due from group undertakings	107	95
Corporation Tax	135	-
Other	192	34
	<u>1,201</u>	<u>834</u>

### 9. CREDITORS: Amounts falling due within one year

	December 1995 £000	June 1994 £000
Trade Creditors	3	82
Other Creditors	762	652
Amounts due to group undertakings	200	90
	<u>965</u>	<u>824</u>

### 10. SHARE CAPITAL

	December 1995 £000	June 1994 £000
<b>Authorised</b>		
900,000 ordinary shares of £1 each	900	900
100,000 non-voting ordinary shares of £1 each	100	100
	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
600,000 ordinary share of £1 each	<u>600</u>	<u>600</u>

### 11. RESERVES

	Share Premium Account £000	Profit and Loss Account £000
At 1st July 1994	37	164
Loss for the period	-	(382)
At 31st December 1995	<u>37</u>	<u>(218)</u>

### 12. RECONCILIATION OF SHAREHOLDERS' FUNDS

Shareholders' funds as at 1st August 1994	801
Loss for the period	<u>(382)</u>
Shareholders' funds as at 31st December 1995	<u>459</u>

## **PORTFOLIO MANAGEMENT SOFTWARE LTD**

### **NOTES TO THE ACCOUNTS (continued)**

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#### **13. FINANCIAL COMMITMENTS**

##### **(a) Operating leases**

At 31st December 1995, the company had annual commitments of £3,750 (1994 commitments of £33,071) under a non-cancelable operating lease which expires within two years.

##### **(b) Future capital expenditure**

The company has no commitments for future capital expenditure.

#### **14. CONTINGENT LIABILITIES**

There are no contingent liabilities nor has the company issued any guarantees nor entered into any commitments which have not been reflected in these accounts.

#### **15. PARENT COMPANY**

The ultimate parent company is DST Systems Inc., a company incorporated in Kansas City, Missouri, USA. The group accounts can be obtained from 1055 Broadway, Kansas City, MO 64105-1594, USA.