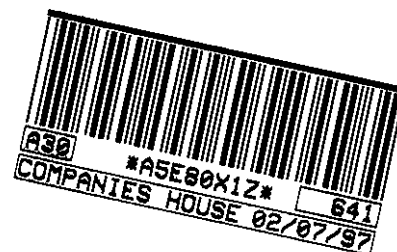


REGISTERED NO. 02381880

PORTFOLIO MANAGEMENT SOFTWARE LTD

REPORT AND ACCOUNTS

FOR THE YEAR TO 31ST DECEMBER 1996



PORTFOLIO MANAGEMENT SOFTWARE LTD

TABLE OF CONTENTS

REPORT OF THE DIRECTORS	Page 3
DIRECTORS' RESPONSIBILITIES	Page 4
AUDITORS' REPORT	Page 5
PROFIT AND LOSS ACCOUNT	Page 6
BALANCE SHEET	Page 7
NOTES TO THE ACCOUNTS	Pages 8 - 12

PORTFOLIO MANAGEMENT SOFTWARE LTD

REPORT OF THE DIRECTORS

The directors present their annual report and the accounts of the Company for the year to 31st December 1996, which were approved by the Directors on 27 June 1997.

PRINCIPAL ACTIVITIES

The Company was largely dormant during this period. Any activity was primarily concerned with winding down the company following the transfer of its business to its ultimate UK parent company, 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 (1994/5: nil). The directors do not recommend the payment of a final dividend. The Company's profit for the year after tax was £73,000 (1994/5: loss of £382,000) and which will be set off against the accumulated deficit on the profit and loss account.

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 year were:

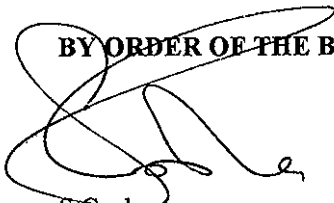
J. M. Winn

At 31st December 1996, the director had no interest in the shares of the company.

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
Date: 27 June 1997

PORTFOLIO MANAGEMENT SOFTWARE LTD

DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the reports of the auditors set out on page 5 is made to advise shareholders on the relative responsibilities of the directors and of the auditors in respect of the financial statements.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 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.

AUDITORS' REPORT TO THE MEMBERS OF PORTFOLIO MANAGEMENT SOFTWARE LTD

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 1996 and of the result of the Company for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

Price Waterhouse

PRICE WATERHOUSE

**Chartered Accountants
and Registered Auditors**

London

Date: *27 June 1997*

PORTFOLIO MANAGEMENT SOFTWARE LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1996

		Year to 31 December 1996	18 months to 31 December 1995
		£000	£000
Turnover	2	-	4,797
Cost of Sales		-	(694)
Gross Profit		-	4,103
Administration expenses		77	(4,635)
Operating Profit/(Loss)		77	(532)
Other interest receivable and similar income		1	15
Profit/(Loss) on ordinary activities before taxation	5	78	(517)
Tax on ordinary activities	6	(5)	135
Profit/(Loss) on ordinary activities after taxation		73	(382)

TOTAL RECOGNISED GAINS AND LOSSES

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

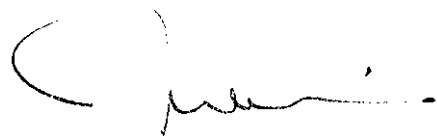
The notes on pages 8 to 12 form part of these financial statements.

PORTFOLIO MANAGEMENT SOFTWARE LTD

BALANCE SHEET AS AT 31ST DECEMBER 1996

		31 December 1996		31 December 1995	
		£000	£000	£000	£000
Tangible Fixed Assets	7		-		89
Current Assets:					
Debtors	8	728		1,201	
Cash at bank and in hand		3		94	
		731		1,295	
Creditors: Amounts falling due within One year	9	(239)		(965)	
Net Current Assets			492		330
Total Assets Less Current Liabilities			492		419
Capital and Reserves:					
Called up share capital	10		600		600
Share premium	11		37		37
Profit and loss account	11,12		(145)		(218)
Shareholders' Funds (equity interests)			492		419

These accounts were approved by the directors on 27 June 1997.



J M Winn
Director
Date: 27 June 1997

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

PORTFOLIO MANAGEMENT SOFTWARE LTD

NOTES TO THE ACCOUNTS

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 to 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.

PORTFOLIO MANAGEMENT SOFTWARE LTD

NOTES TO THE ACCOUNTS (continued)

2. ANALYSIS OF TURNOVER

The turnover attributable to 1996 and 1995 was generated in the UK.

3. STAFF NUMBERS AND COSTS

There were no persons employed by the Company during the year:

	Year to 31 December 1996	18 months to 31 December 1995
Analysts/Programmers	nil	31
Administration/Sales	<u>nil</u>	<u>5</u>
	<u>nil</u>	<u>36</u>

There were no payroll costs for the year

	Year to 31 December 1996 £000	18 months to 31 December 1995 £000
Wages and salaries	(72)	1,140
Social security costs	-	112
Pension costs	<u>-</u>	<u>42</u>
	<u>(72)</u>	<u>1,294</u>

4. DIRECTORS' EMOLUMENTS

	Year to 31 December 1996	18 months to 31 December 1995
Management remuneration, pension contributions and benefits in kind	nil	299
Chairman's emoluments, including pension contributions	nil	nil
Emoluments of highest paid director, excluding pension contributions	nil	111

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

	Year to 31 December 1996	18 months to 31 December 1995
£0 - £5,000	1	3
£65,001 - £70,000	-	1
£80,001 - £85,000	-	1
£110,001 - £115,000	-	1

PORTFOLIO MANAGEMENT SOFTWARE LTD

NOTES TO THE ACCOUNTS (continued)

5. PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/loss on ordinary activities before taxation is arrived at after charging:

	Year to 31 December 1996 £000	18 months to 31 December 1995 £000
Management Fee	-	595
Depreciation	12	56
Auditors' remuneration	-	7
Directors' emoluments	-	299

The auditors' remuneration is borne by another group company.

6. TAXATION

	Year to 31 December 1996 £000	18 months to 31 December 1995 £000
Current period @ 33%	-	(136)
Prior period	<u>5</u>	<u>1</u>
	<u>5</u>	<u>(135)</u>

7. TANGIBLE FIXED ASSETS

	Computer Equipment £000	Office Furnishings £000	Total £000
Cost:			
At 1st January 1996	260	18	278
Additions	-	-	-
Disposals	<u>(260)</u>	<u>(18)</u>	<u>(278)</u>
At 31st December 1996	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation:			
At 1st January 1996	187	2	189
Charge for the period	9	3	12
Eliminated on disposal	<u>(196)</u>	<u>(5)</u>	<u>(201)</u>
At 31st December 1996	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value:			
At 31st December 1996	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 1995	<u>73</u>	<u>16</u>	<u>89</u>

PORTFOLIO MANAGEMENT SOFTWARE LTD

NOTES TO THE ACCOUNTS (continued)

8. DEBTORS

	31 December 1996 £000	31 December 1995 £000
Trade Debtors	-	767
Amounts due from group undertakings	593	107
Corporation Tax	135	135
Other	-	192
	<u>728</u>	<u>1,201</u>

9. CREDITORS: Amounts falling due within one year

	31 December 1996 £000	31 December 1995 £000
Trade Creditors	-	3
Other Creditors	19	762
Amounts due to group undertakings	<u>220</u>	<u>200</u>
	<u>239</u>	<u>965</u>

10. SHARE CAPITAL

	31 December 1996 £000	31 December 1995 £000
Authorised		
900,000 ordinary shares of £1 each	900	900
100,000 non-voting ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
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 January 1996	37	(218)
Profit for the year	<u>-</u>	<u>73</u>
At 31st December 1996	<u>37</u>	<u>(145)</u>

12. RECONCILIATION OF SHAREHOLDERS' FUNDS

Shareholders' funds as at 1st January 1996	419
Profit for the year	<u>73</u>
Shareholders' funds as at 31st December 1996	<u>492</u>

PORTFOLIO MANAGEMENT SOFTWARE LTD

NOTES TO THE ACCOUNTS (continued)

13. FINANCIAL COMMITMENTS

(a) Operating leases

At 31st December 1996, the company had annual commitments of £938 (1995 commitments of £3,750) under a non-cancelable operating lease which expires within one year. All payments due under this lease are borne by another group company.

(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 333 W, 11th Street, Kansas City, MO 64105-1594, USA.