

Company No: 2486794

G.M.I. SOFTWARE EUROPE LIMITED

FINANCIAL STATEMENTS

- for the year ended -

30 SEPTEMBER 1996



BERG KAPROW LEWIS
Chartered Accountants
35 Ballards Lane
London N3 1XW

Reference /G104/DG

G.M.I. SOFTWARE EUROPE LIMITED

DIRECTORS

F M De Galleani
J J Geldermann
R J Hall-Reppen
R P Murtaugh

SECRETARY

F M De Galleani

BUSINESS ADDRESS

Cannon Centre
78 Cannon Street
London
EC4N 6HH

REGISTERED OFFICE

Cannon Centre
78 Cannon Street
London
EC4N 6HH

AUDITORS

Berg Kaprow Lewis
Chartered Accountants
35 Ballards Lane
London
N3 1XW

G.M.I. SOFTWARE EUROPE LIMITED

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G.M.I. SOFTWARE EUROPE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 September 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the provision of computer software systems and support services for financial institutions.

The directors are disappointed with the results for the year and hope that the company will be profitable in 1997.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the loss of £3,735 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the ultimate parent company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
F M De Galleani	Ordinary shares	-	-
J J Geldermann	Ordinary shares	-	-
R J Hall-Reppen	Ordinary shares	-	-
R P Murtaugh	Ordinary shares	-	-

DIRECTORS' RESPONSIBILITIES

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;
- 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.

G.M.I. SOFTWARE EUROPE LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, Berg Kaprow Lewis, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

On Behalf of the Board

Date: 30 JANUARY 1997...



Director

R.P. MURTAUGH

G.M.I. SOFTWARE EUROPE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF G.M.I. SOFTWARE EUROPE 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 in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report 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 30 September 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Berg Kaprow Lewis

BERG KAPROW LEWIS
Registered Auditors
Chartered Accountants

35 Ballards Lane
London
N3 1XW

Date: 28 FEBRUARY 1997.

G.M.I. SOFTWARE EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1996

	Notes	1996 £	1995 £
TURNOVER		402,804	434,859
Cost of sales		(255,401)	(271,941)
GROSS PROFIT		147,403	162,918
Administrative expenses		(145,798)	(131,924)
OPERATING PROFIT	2	1,605	30,994
Interest receivable	3	1,182	1,300
Interest payable	4	(6,020)	(9,508)
LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,233)	22,786
Tax on loss/profit on ordinary activities	7	(502)	-
LOSS/PROFIT FOR THE YEAR	13	(3,735)	22,786

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

BALANCE SHEET AT 30 SEPTEMBER 1996

The financial statements were approved by the board on 30 JANUARY 1997..... and signed on its behalf by

The notes on pages 6 to 10 form part of these financial statements.

G.M.I. SOFTWARE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Leasehold properties	Straight line over the life of the lease
Computer equipment	25% Reducing balance
Fixtures and fittings	25% Reducing balance

1.4 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.5 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.6 PENSIONS

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as incurred.

2. OPERATING PROFIT

	1996 £	1995 £
The operating profit is stated after charging:-		
Depreciation	12,879	13,884
Directors' remuneration	-	-
Auditors' remuneration	3,900	3,900
and after crediting:-		
Profit on foreign currencies	286	647
Profit on disposal of fixed assets	298	117

G.M.I. SOFTWARE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

3.	INTEREST RECEIVABLE	1996 £	1995 £
	Bank interest receivable	960	1,300
	Other interest receivable	222	-
		<u> </u>	<u> </u>

4.	INTEREST PAYABLE	1996 £	1995 £
	On amounts payable to group undertaking	4,726	9,473
	On bank loans and overdrafts and on loans repayable in full within five years	1,294	35
		<u> </u>	<u> </u>
		6,020	9,508
		<u> </u>	<u> </u>

5.	DIRECTORS AND EMPLOYEES	1996 £	1995 £
	Staff costs:-		
	Wages and salaries	190,720	176,660
	Social security costs	19,453	17,963
	Other pension costs	1,260	1,260
		<u> </u>	<u> </u>
		211,433	195,883
		<u> </u>	<u> </u>

The average weekly number of employees during the year was as follows:

	Number	Number
Office and management	1	1
Software sales and support services	7	7
	<u> </u>	<u> </u>
	8	8
	<u> </u>	<u> </u>

6. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £1,260 (1995: £1,260). All contributions were paid in the year.

G.M.I. SOFTWARE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

7. TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Adjustment in respect of prior years	502	-
	<u>502</u>	<u>-</u>

8. TANGIBLE ASSETS

	Computer equipment £	Fixtures and fittings £	Land and buildings £	Total £
<u>Cost</u>				
At 1 October 1995	97,051	8,709	8,172	113,932
Additions	4,594	-	152	4,746
Disposals	(600)	-	-	(600)
	<u>101,045</u>	<u>8,709</u>	<u>8,324</u>	<u>118,078</u>
<u>Depreciation</u>				
At 1 October 1995	62,222	5,156	1,090	68,468
Charge for year	9,812	888	2,179	12,879
On disposals	(426)	-	-	(426)
	<u>71,608</u>	<u>6,044</u>	<u>3,269</u>	<u>80,921</u>
<u>Net book value at 30 September 1996</u>	<u>29,437</u>	<u>2,665</u>	<u>5,055</u>	<u>37,157</u>
<u>Net book value at 30 September 1995</u>	<u>34,829</u>	<u>3,553</u>	<u>7,082</u>	<u>45,464</u>

	1996 £	1995 £
Analysis of net book value of land and buildings:		
Short leasehold	<u>5,055</u>	<u>7,082</u>

9. DEBTORS

	1996 £	1995 £
Trade debtors	79,268	24,840
Corporation tax	-	502
Prepayments and accrued income	27,282	28,373
	<u>106,550</u>	<u>53,715</u>

G.M.I. SOFTWARE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1996 £	1995 £
	Bank overdrafts	47,583	-
	Trade creditors	15,291	21,799
	Amounts owed to group undertakings	23,024	449
	Taxes and social security costs	13,246	6,990
	Accruals and deferred income	72,800	91,296
		<u>171,944</u>	<u>120,534</u>

11.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1996 £	1995 £
	Subordinated loans from group undertakings	150,318	150,318
		<u>150,318</u>	<u>150,318</u>

The subordinated loans are unsecured and their rights for repayment are subordinated to the rights of all other creditors. The loans mature on 30 June 1998. The lender may request earlier payment upon giving six months notice but the rights of the lender to receive payment will be subordinate to those of the other creditors. The loans carry an interest rate of 3% per annum.

12.	SHARE CAPITAL	1996 £	1995 £
	<u>Authorised</u>		
	Equity interests:		
	100,000 Ordinary shares of 58p each	<u>58,344</u>	<u>58,344</u>
	<u>Allotted, called up and fully paid</u>		
	Equity interests:		
	100,000 Ordinary shares of 58p each	<u>58,344</u>	<u>58,344</u>

13.	PROFIT AND LOSS ACCOUNT	1996 £	1995 £
	Accumulated losses at 1 October 1995	(176,684)	(199,470)
	Loss for the financial year	(3,735)	22,786
	Accumulated losses at 30 September 1996	<u>(180,419)</u>	<u>(176,684)</u>

G.M.I. SOFTWARE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1996

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Loss for the financial year	(3,735)	22,786
Shareholders' funds at 1 October 1995	(118,340)	(141,126)
	<hr/>	<hr/>
Shareholders' funds at 30 September 1996	(122,075)	(118,340)
	<hr/>	<hr/>
Represented by:-		
Equity interests	(122,075)	(118,340)
	<hr/>	<hr/>
	(122,075)	(118,340)
	<hr/>	<hr/>

15. REVENUE COMMITMENTS

The company has annual commitments of £12,900 in respect of operating leases on land and buildings which expire in one to five years.

16. TRANSACTIONS WITH DIRECTORS

Included in total expenditure for the year is £50,520 (1995: £70,007) in respect of fees payable to G.M.I. Software Inc.. R P Murtaugh and J J Gelderman are shareholders in this company. The directors believe that the above transactions were undertaken in the normal course of business and at arms length.

17. ULTIMATE PARENT COMPANY

The ultimate parent company is G.M.I. International Inc., a company incorporated in The United States of America.