

Company Registration Number 2773853

FINANCIAL OPTIONS LIMITED

Report and Financial Statements

31 May 2004



FINANCIAL OPTIONS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 2004.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

As part of a restructuring within the Misys Life and Pensions division, the trade and assets of the Company were sold on 31 July 2003 to Sesame Limited (formerly Kestrel Financial Management Limited), a fellow subsidiary. The directors do not expect the company to trade in the coming year.

Prior to this date, the principal activity of the Company was to supply services to Independent Financial Advisers and the Company traded in line with the Directors' expectations.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 5. A final dividend for the year of £2,180,000 was paid on 31 July 2003 (2003 : £nil). Losses of £2,177,000 (2003 : £154,000) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period and the interests of those serving at the end of the period in the shares of the ultimate parent company, Misys plc, were as follows:

	Misys plc Ordinary shares of 1p each	
	2004	2003 or date of appointment
K J Budge (resigned 5 December 2003)	N/a	N/a
M Couzens	*	*
T Pyle	-	-
M Wadelin (appointed 2 April 2004)	*	*

Interests in share options

The options held by directors over ordinary 1p shares in Misys plc were as follows:

	2003 or date of appointment	Granted in year	Exercised in year	Lapsed in year	2004
T Pyle	25,004	-	-	-	25,004
M Couzens	*	*	*	*	*
M Wadelin	*	*	*	*	*

* M Couzens and M Wadelin are both directors of an intermediate holding company, Sesame Services Limited, and their interests are shown in the financial statements of that company.

Details of all the Share Option Schemes and the Share Plans together with performance criteria, where applicable, are disclosed in the Report and Financial Statement of the ultimate parent company, Misys plc.

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

FINANCIAL OPTIONS LIMITED

DIRECTORS' REPORT

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the next Annual General Meeting.

Approved by the Board of Directors on 16 September 2004 and signed on its behalf by



M Couzens, Director

FINANCIAL OPTIONS LIMITED

STATEMENT OF 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 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; and
- 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 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.

FINANCIAL OPTIONS LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Financial Options Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared in accordance with the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

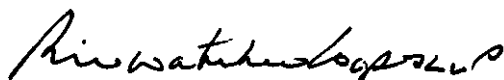
Basis of audit opinion

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

16 September 2004

FINANCIAL OPTIONS LIMITED
PROFIT AND LOSS ACCOUNT

Year to 31 May 2004

	Note	2004 £'000	2003 £'000
TURNOVER	1	4,686	30,073
Cost of Sales		<u>(4,104)</u>	<u>(26,336)</u>
GROSS PROFIT		582	3,737
Operating costs			
Administrative expenses		(564)	(3,668)
OPERATING PROFIT		<u>18</u>	<u>69</u>
Interest payable and similar charges	3	(14)	(73)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>4</u>	<u>(4)</u>
Tax on profit / (loss) on ordinary activities	4	(1)	(150)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>3</u>	<u>(154)</u>
Dividends		(2,180)	-
RETAINED LOSS FOR THE YEAR	9	<u><u>(2,177)</u></u>	<u><u>(154)</u></u>

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

There are no differences between the profit on ordinary activities before tax and the retained loss for the year stated above and their historical cost equivalents.

Remuneration of the auditors and Directors has been borne by a fellow subsidiary as was the case in the prior year. There were no employees in the year (2003: nil).

**FINANCIAL OPTIONS LIMITED
BALANCE SHEET**

31 May 2004

	Note	2004 £'000	2003 £'000
CURRENT ASSETS			
Debtors	5	393	8,291
Cash at bank and in hand		10	3,721
		<hr/>	<hr/>
		403	12,012
CREDITORS: amounts falling due within one year	6	(6)	(6,405)
		<hr/>	<hr/>
NET CURRENT ASSETS		397	5,607
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		397	5,607
PROVISIONS FOR LIABILITIES AND CHARGES	7	-	(3,033)
		<hr/>	<hr/>
NET ASSETS		397	2,574
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	8	300	300
Profit and loss account	9	97	2,274
		<hr/>	<hr/>
TOTAL SHAREHOLDER'S FUNDS	10	397	2,574
		<hr/>	<hr/>
Equity interests		297	2,474
Non-equity interests	8	100	100
		<hr/>	<hr/>
TOTAL SHAREHOLDER'S FUNDS		397	2,574
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 16 September 2004 and signed on its behalf by



M Couzens, Director

FINANCIAL OPTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2004

1 STATEMENT OF ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover, which includes indemnity commission income, represents the amounts (excluding value added tax) derived from membership subscriptions and policies written and accepted by providers of such policies, from the Company's principal activity. Provision is made, based on historic experience, for clawbacks and other instances where full income may not be received. Turnover is recognised when a policy is put on risk with Product Providers and relates to continuing operations in the United Kingdom.

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.

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 DIRECTORS' REMUNERATION

A proportion of Michael Couzens' and Kevin Budge's time was spent providing services to this company. The remuneration relating to the time spent by these directors performing services for this company amounts to £5,000. All other directors believe that the services to this company are completely incidental to their work for other group companies and therefore no emoluments are given for these.

3 INTEREST

	2004 £'000	2003 £'000
Interest payable	<u>14</u>	<u>73</u>

FINANCIAL OPTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2004

4 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
UK corporation tax on profits/ (loss) for the year	1	150
	<u>1</u>	<u>150</u>

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

	2004 £'000	2003 £'000
Profit / (loss) on ordinary activities before tax	4	(4)
Profit / (loss) on ordinary activities at the standard rate of UK corporation tax of 30%	1	(1)
Effects of:		
Non provided timing differences	-	89
Other adjustments	-	62
	<u>1</u>	<u>150</u>

The company has not recognised a deferred tax asset of £nil (2003: £131,000) as its use is uncertain or is not currently anticipated due to losses within the group.

5 DEBTORS:

	2004 £'000	2003 £'000
Trade debtors	-	315
Amounts owed by group undertakings	393	4,250
Other debtors	-	2,385
Prepayments and accrued income	-	1,341
	<u>393</u>	<u>8,291</u>

6 CREDITORS : Amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	-	18
Amounts due to group undertakings	6	481
Corporation tax	-	150
Other creditors	-	4,288
Accruals and deferred income	-	1,468
	<u>6</u>	<u>6,405</u>

7 PROVISIONS FOR LIABILITIES AND CHARGES

	Indemnity commission £'000	Pension opt-outs and transfers £'000	FSAVC Review £'000	Total £'000
At 1 June 2003	2,617	383	33	3,033
Utilised	-	(16)	-	(16)
Charged to the profit and loss account	664	-	-	664
Transferred	(3,281)	(367)	(33)	(3,681)
At 31 May 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

All provisions for liabilities and charges were transferred to the balance sheet of Sesame Ltd on 31 July 2003.

FINANCIAL OPTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2004

8 SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised		
250,000 Ordinary shares of £1 each	250	250
300,000 Preference shares of £1 each	300	300
	<u>550</u>	<u>550</u>
Allotted and fully paid		
200,000 Ordinary shares of £1 each	200	200
100,000 Preference shares of £1 each	100	100
	<u>300</u>	<u>300</u>

The preference shares are non-voting and are redeemable at par at the option of the Company providing not less than one month's notice is given. On a winding up of the company the preference shareholders will be entitled to have the assets of the Company made available for distribution among the members. The preference shares shall not confer the rights to any further participation in the profits or assets of the Company.

9 PROFIT AND LOSS ACCOUNT

	£'000
At 1 June 2003	2,274
Retained loss for the year	(2,177)
At 31 May 2004	<u>97</u>

FINANCIAL OPTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year to 31 May 2004

10 RECONCILIATION OF SHAREHOLDER'S FUNDS

	2004	2003
	£'000	£'000
Loss for the year	(2,177)	(154)
Opening shareholder's funds	2,574	2,728
Closing shareholder's funds	<u>397</u>	<u>2,574</u>

11 ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The Company's immediate parent company is Financial Options Services Limited, a company registered in England. The Company's ultimate parent company is Misys plc, a company registered in England. Misys plc is the parent undertaking of the largest and smallest group for which group financial statements are produced. 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 the Misys group and its results are included in the consolidated 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).