

Registered No. 2774580

**MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED**

Report and financial statements

31 May 2005



# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## DIRECTORS' REPORT

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The Directors present their report and accounts for the year ending 31 May 2005.

### Results and dividends

The (loss)/profit after taxation for the years ending 31 May 2005 and 31 May 2004 amounted to (£415,263) and £56,495, respectively.

### Principal activity and review of the business

The principal activities during the year were those of marketing, sales and servicing of information systems. The Directors anticipate that this will continue to be the Company's principal activity for the foreseeable future.

### Directors and their interests

The Directors of the Company who served during the year were:

A Lawson  
C Lambert  
T Skelton

### Interests in shares

The Directors of the Company and their interests in the share capital of the ultimate parent Company, Misys plc, at the year end are as follows:

	<b>Misys plc</b>	
	<b>Ordinary shares of 1p each</b>	
	<b>31 May 2005</b>	<b>31 May 2004</b>
C Lambert	58,041	20,927
A Lawson	22,191	8,548
T Skelton	*	*

### Interests in share option plans

The interests held by Directors over ordinary 1p shares in Misys plc were as follows:

	<b>1 June 2004</b>	<b>Granted in year</b>	<b>Exercised in year</b>	<b>31 May 2005</b>
C Lambert	538,406	115,382	34,981	<b>618,807</b>
A Lawson	315,168	146,248	-	<b>461,416</b>

C Lambert and A Lawson were granted 70,000 and 100,000 options respectively on 10 August 2004 at an option price of 178p under the Misys 2000 Executive Option Plan. C Lambert and A Lawson were granted 22,691 and 23,124 options respectively on 29 July 2004 at a nil option price under the Misys Annual Award Plan – deferred award. C Lambert and A Lawson were granted 22,691 and 23,124 options respectively on 29 July 2004 at a nil option price under the Misys Annual Award Plan – matching award.

During the year C Lambert exercised 23,726 and 11,255 options with an option price of nil when the Market Value of Misys share was 180p and 174.75p, respectively.

\* T Skelton is a Director of the ultimate holding Company, Misys plc, and his interest in shares, share options and plans of Misys plc are shown in the financial statements of that Company.

**MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

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**Statement of Directors Responsibilities**

Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

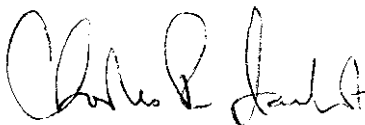
*The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2005 and that applicable accounting standards have been followed.*

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable him 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**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the next Annual General Meeting.

For and on behalf of the Board



C Lambert  
Director  
12 September 2006

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

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We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing the annual report and the 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.

### **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 judgments 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

*19 September 2006*

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## PROFIT AND LOSS ACCOUNT

	Notes	31 May 2005 £	31 May 2004 £
<b>TURNOVER</b>	3	<b>2,494,754</b>	<b>2,616,778</b>
Cost of sales		<b>(1,367,055)</b>	<b>(1,381,872)</b>
Gross profit		<b>1,127,699</b>	<b>1,234,906</b>
Administrative expenses		<b>(1,692,962)</b>	<b>(1,158,411)</b>
<b>OPERATING (LOSS) PROFIT</b>	4	<b>(565,263)</b>	<b>76,495</b>
<b>(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(565,263)</b>	<b>76,495</b>
Tax on (loss) profit on ordinary activities	7	<b>150,000</b>	<b>(20,000)</b>
<b>(LOSS) PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR</b>	17	<b>(415,263)</b>	<b>56,495</b>

The results for the current year and the prior period are derived entirely from continuing operations.

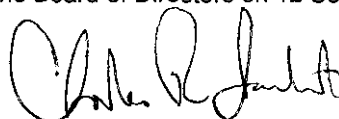
There are no recognised gains or losses other than the (loss) profit for the period.

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## BALANCE SHEET

	Notes	31 May 2005 £	31 May 2004 £
<b>FIXED ASSETS</b>			
Intangible assets – goodwill	8	68,236	89,784
Tangible assets	9	<u>668,577</u>	<u>682,634</u>
		<b>736,813</b>	<b>772,418</b>
<b>CURRENT ASSETS</b>			
Stocks	10	2,316,792	820,053
Debtors	11	5,888,260	5,675,066
Cash at bank and in hand		<u>896,155</u>	<u>698,551</u>
		<b>9,101,207</b>	<b>7,193,670</b>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(5,892,729)</u>	<u>(3,430,448)</u>
<b>NET CURRENT ASSETS</b>		<b>3,208,478</b>	<b>3,763,222</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,945,291</b>	<b>4,535,640</b>
Creditors: amounts falling due after more than one year	13	(321,496)	(401,888)
Deferred Income	14	(769,504)	(770,716)
Provisions for liabilities and charges	15	(28,202)	(121,684)
<b>NET ASSETS</b>		<u><b>2,826,089</b></u>	<u><b>3,241,352</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3,600,003	3,600,003
Profit and loss account	17	(773,914)	(358,651)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><b>2,826,089</b></u>	<u><b>3,241,352</b></u>

Approved by the Board of Directors on 12 September 2006 and signed on its behalf by:



C Lambert  
Director

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING CONVENTION

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

#### Turnover

Turnover representing the amounts invoiced to customers, which is stated net of value added tax:

- Hardware sales: amounts recognized upon delivery or on a percentage completion basis, depending on length of installation.
- Software sales: recognised either at installation or on a percentage completion basis, depending on the type of software
- Support and maintenance sales: recognised rateably over the contract period.

Software revenue recognised at installation is only recognised when there are no significant vendor obligations remaining. In instances where a significant vendor obligation exists, revenue is not recognised until the obligation has been satisfied.

#### Leases

Fixed assets held under finance leases are capitalised in the balance sheet and 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 lease. 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.

#### Deferred taxation

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.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Intangible assets – goodwill

Goodwill on acquisitions comprises the excess of the fair value of the purchase consideration over the fair value of identifiable assets and liabilities acquired. Goodwill is recognised within fixed assets in the year of acquisition. Amortisation is calculated on a straight line basis so as to write off the goodwill over its economic life, depending on the nature of the acquisition, for a period normally not exceeding 10 years.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets 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, as follows:

Computer hardware	-	3 years
Computer software	-	3 years
Office furniture	-	3 years
Short leasehold property	-	Lease term

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. ACCOUNTING CONVENTION (CONTINUED)

#### Impairment of intangible and tangible assets

The need for any tangible fixed asset or goodwill impairment write down is assessed by a comparison of the carrying value of the asset with the higher of net realisable value and value in use. The value in use is determined from estimated discounted future cash flows. Discount rates used are based on the circumstances of the relevant individual businesses.

#### Stocks

Stocks and contract work in progress are valued at the lower of cost and net realisable value.

#### Pensions

The Company makes pension contributions to the individual employee's personal pension plan. These are charged to the profit and loss account as incurred.

### 2. CASH FLOW AND RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of Misys plc and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) 'Cash Flow Statements'.

The Company has also taken advantage of the exemption under FRS8 'Related Party Disclosures' not to disclose transactions with group undertakings since Misys plc is the beneficial owner of the entire equity share capital of the Company.

### 3. TURNOVER

The Company's turnover across business activity, which is all continuing, is as shown below:

	31 May 2005	31 May 2004
	£	£
Hardware	108,421	396,907
Software	884,444	693,535
Maintenance	1,501,889	1,526,336
	<u>2,494,754</u>	<u>2,616,778</u>

An analysis of turnover by geographical market is given below:

	31 May 2005	31 May 2004
	£	£
United Kingdom	1,902,221	2,301,120
Rest of Europe	592,533	315,658
	<u>2,494,754</u>	<u>2,616,778</u>

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. OPERATING (LOSS) PROFIT

Operating (loss) profit is stated after charging:

	31 May 2005 £	31 May 2004 £
Land and building operating lease rentals	53,000	86,000
Other operating lease rentals	34,000	38,000
Depreciation of tangible fixed assets	62,440	27,965
Goodwill amortisation	21,548	17,957
Auditors' remuneration	21,373	23,851

### 5. DIRECTORS' REMUNERATION

No Director of the Company received any remuneration for their services to the Company during the current or prior period.

### 6. EMPLOYEE COSTS

	31 May 2005 £	31 May 2004 £
Wages and salaries	818,000	676,736
Social security costs	273,000	69,000
Other pensions costs	7,000	8,910
	<u>1,098,000</u>	<u>754,646</u>

The Company had 11 employees at the end of 2005 and 9 at the end of 2004. The employees were engaged in sales, professional services and support.

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

	31 May 2005 £	31 May 2004 £
UK corporation tax	<u>(150,000)</u>	<u>20,000</u>
The tax for the period is higher (2004: lower) than the standard rate of corporation tax based on profit before tax for the following reasons:		
	31 May 2005 £	31 May 2004 £
(Loss) profit on ordinary activities before taxation	<u>(565,263)</u>	<u>76,495</u>
Tax on (loss) profit on ordinary activities at standard rate of UK Corporation tax of 30%	(169,579)	22,948
Effects of:		
Non provided timing differences	(4,000)	(26,000)
Capital related transactions	-	11,000
Benefit of Group Relief not recognised	-	-
Non deductible expenditure	23,579	21,387
Benefit of losses brought forward	-	(9,336)
Current tax (credit) charge for the period	<u>(150,000)</u>	<u>20,000</u>

The unrecognised deferred tax assets at 31 May 2005 and 31 May 2004 comprised:

	31 May 2005 £	31 May 2004 £
Accelerated capital allowances	2,000	8,000
Other timing differences	13,000	42,221
	<u>15,000</u>	<u>50,221</u>

### 8. INTANGIBLE ASSETS

	Total £
<b>Cost</b>	
At 1 June 2004 and 31 May 2005	107,741
<b>Amortisation</b>	
At 1 June 2004	17,957
Charge for the year	21,548
At 31 May 2005	<u>39,505</u>
<b>Net book value</b>	
At 31 May 2005	<u>68,236</u>
At 31 May 2004	<u>89,784</u>

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9. TANGIBLE FIXED ASSETS

	Short leasehold property £	Office furniture £	Computer hardware and software £	Total £
<b>Cost:</b>				
At 1 June 2004	90,523	29,808	674,409	794,740
Additions	8,036	-	40,347	48,383
At 31 May 2005	<u>98,559</u>	<u>29,808</u>	<u>714,756</u>	<u>843,123</u>
<b>Accumulated depreciation:</b>				
At 1 June 2004	17,034	19,747	75,325	112,106
Charge for the year	18,791	5,236	38,413	62,440
At 31 May 2005	<u>35,825</u>	<u>24,983</u>	<u>113,738</u>	<u>174,546</u>
<b>Net book value:</b>				
At 31 May 2005	<u>62,734</u>	<u>4,825</u>	<u>601,018</u>	<u>668,577</u>
At 1 June 2004	<u>73,489</u>	<u>10,061</u>	<u>599,084</u>	<u>682,634</u>

Included in the above analysis short leasehold property represents fixed assets acquired under finance leases. There are no finance leases.

### 10. STOCKS

	31 May 2005 £	31 May 2004 £
Work in progress (including contract work in progress)	2,316,792	803,151
Goods held for resale	-	16,902
	<u>2,316,792</u>	<u>820,053</u>

### 11. DEBTORS

	31 May 2005 £	31 May 2004 £
Trade debtors	658,624	308,210
Other debtors	332,602	234,246
Other taxes and social security costs	-	31,928
Corporation tax receivable	150,000	-
Amounts owed by group undertaking	4,699,943	4,917,035
Prepayments	47,091	183,647
	<u>5,888,260</u>	<u>5,675,066</u>

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. CREDITORS: amounts falling due within one year

	31 May 2005 £	31 May 2004 £
Trade creditors	301,556	260,157
Corporation tax	20,109	15,108
Other taxes and social security costs	122,692	-
Amounts owed to group undertaking	5,288,689	2,913,450
Accruals and deferred income	79,291	168,686
Finance leases	80,392	73,047
	<u>5,892,729</u>	<u>3,430,448</u>

### 13. CREDITORS: amounts falling due after more than one year

	31 May 2005 £	31 May 2004 £
Finance leases due within 2 – 5 years	321,496	373,446
Finance leases due in more than 5 years	-	28,441
	<u>321,496</u>	<u>401,888</u>

### 14. DEFERRED INCOME

	31 May 2005 £	31 May 2004 £
To be recognised within one year		
Maintenance	391,757	275,778
Other income	377,747	494,938
	<u>769,504</u>	<u>770,716</u>

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

	31 May 2005 £	31 May 2004 £
Other provisions	<u>28,202</u>	<u>121,684</u>

The provision relates to penalty charges in relation to VAT and PAYE payments and has been settled in June 2005.

# MISYS HEALTHCARE SYSTEMS (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. SHARE CAPITAL

	31 May 2005 £	31 May 2004 £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>3,600,003</u>	<u>3,600,003</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total £
At 1 June 2004	3,600,003	(358,651)	3,241,352
Loss for the year	-	(415,263)	(415,263)
At 31 May 2005	<u>3,600,003</u>	<u>(773,914)</u>	<u>2,826,089</u>

### 18. PENSIONS ARRANGEMENTS

The Company makes pension contributions to the individual employees' personal pension plans. These are charged to the profit and loss account as incurred. The pension cost charge for the year ending 31 May 2005 represents contributions payable by the Company to the scheme and amounted to £6,917 (12 months ending 31 May 2004: £18,910)

Outstanding contributions at the beginning of the financial period were £20,469 and at the end of the financial period were £21,851.

### 19. OTHER FINANCIAL COMMITMENTS

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	31 May 2005	31 May 2004	31 May 2005	31 May 2004
Within one year	-	-	6,901	9,000
Within two to five years	<u>72,820</u>	<u>111,000</u>	<u>7,501</u>	<u>23,000</u>
	<u>72,820</u>	<u>111,000</u>	<u>14,402</u>	<u>32,000</u>

### 20. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Misys Hospital Systems, Inc.

The parent company of both the largest and smallest group in which Misys Healthcare Systems (International) Limited is included in consolidated accounts is that of Misys plc.

The Company's ultimate parent company and controlling party is Misys plc, a company registered in England and Wales. 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.