

Company Registration Number 2801072

THE FRUSTUM GROUP (EUROPE) LIMITED

Report and Financial Statements

31 May 1998



THE FRUSTUM GROUP (EUROPE) LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 May 1998.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is the provision of specialist computer software and consultancy services. In the opinion of the Directors the company has traded satisfactorily during the period and no significant change is expected in the foreseeable future.

RESULTS AND DIVIDENDS

The results of the Company for the period are set out in detail on page 5. The Directors do not recommend the payment of a dividend for the year (1997 - £nil). Profits of £210,925 (1997 - £265,088) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

	Misys plc	
	Ordinary shares of 5p each	
	1998	1997
		(or date of appointment)
M Stadther	-	-
S R Davis	-	-
H Demetrios	-	-
C Flock	-	-
G Sommers	-	-
F P Helsby	#	#
F J Spadafora	-	-
J G Sussens	*	*

No Director had any interest in shares of the Company or any other group undertakings except as disclosed above.

*J G Sussens is a director of the ultimate parent company, Misys plc, and his interest in shares, share option schemes and share incentive plan of Misys plc are shown in the financial statements of that company.

F P Helsby is a Director of an intermediate parent company, Kapiti Limited and his interest in shares, share options and Misys Share Incentive Plan are shown in the financial statements of that company.

THE FRUSTUM GROUP (EUROPE) LIMITED

DIRECTORS' REPORT

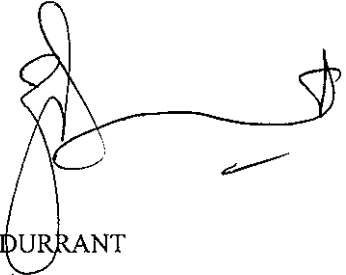
YEAR 2000

The Misys Group has established a comprehensive internal programme to ensure that all computer dependent systems continue to operate, following the Year 2000 date change. Further details, including estimated costs associated with this programme, are shown in the financial statements of Misys plc.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 29 July 1998 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Z V Durrant', with a long horizontal flourish extending to the right.

Z V DURRANT
Secretary

THE FRUSTUM GROUP (EUROPE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for the period to that date. The requirements are specified in the Companies Act 1985 and in applicable accounting standards. It is also the Directors' responsibility to:

Maintain adequate accounting records;

Safeguard the assets of the Company;

Prevent and detect fraud and other irregularities;

Prepare financial statements on the going concern basis, unless it is inappropriate.

The Directors confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed.

**AUDITORS' REPORT TO THE MEMBERS OF
THE FRUSTUM GROUP (EUROPE) LIMITED**

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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.

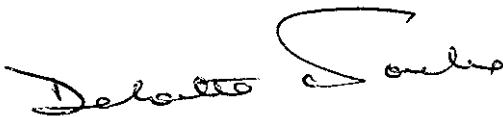
Basis of opinion

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 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

8 February 1999

THE FRUSTUM GROUP (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 1998

		Year ended 31 May 1998	18 Months ended 31 May 1997
	Note	£	£
TURNOVER		1,870,955	1,583,657
Operating costs			
Administrative expenses		(1,565,894)	(1,318,569)
OPERATING PROFIT	2	305,061	265,088
Interest	4	7,231	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		312,292	265,088
Tax on profit on ordinary activities	5	(101,367)	-
PROFIT FOR THE PERIOD	10	210,925	265,088

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

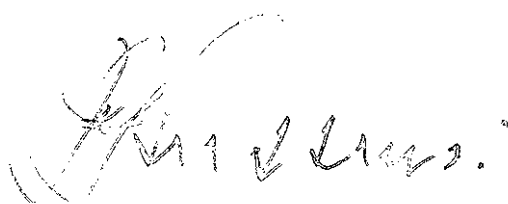
THE FRUSTUM GROUP (EUROPE) LIMITED

BALANCE SHEET

31 May 1998

	Note	1998 £	£	1997 £	£
FIXED ASSETS					
Tangible assets	6		75,911		20,144
CURRENT ASSETS					
Debtors	7	476,106		203,147	
Cash at bank and in hand		37,519		529,862	
		513,625		733,009	
CREDITORS: amounts falling due within one year	8	(378,545)		(753,087)	
NET CURRENT ASSETS (LIABILITIES)			135,080		(20,078)
			210,991		66
CAPITAL AND RESERVES					
Share capital	9		66		66
Profit and loss account	10		210,925		-
EQUITY SHAREHOLDER'S FUNDS	11		210,991		66

Approved by the Board of Directors on 29 July 1998 and signed on its behalf by



J G SUSSENS, Director

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1998

1. ACCOUNTING POLICIES

Accounting convention

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

Tangible fixed assets

Depreciation is provided 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. The rates applied from the date of purchase are:

Furniture, fittings & equipment 25% per annum

Income recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services. Revenue from sales of hardware and packaged software products is recognised when the product is despatched unless more onerous acceptance provisions have been agreed with the customer, in which case date of acceptance is the point where income is recognised. Bespoke contracts are taken to profit when the project has reached the point of practical completion. Contracted income invoiced in advance for fixed periods is taken to income in equal monthly instalments over the period of the contract.

2. OPERATING PROFIT

	Year ended 31 May 1998	18 months ended 31 May 1997
	£	£
Operating profit is arrived at after charging:		
Depreciation of owned assets	16,940	3,221
Auditors' remuneration - audit services	1,000	1,000

3. EMPLOYEES

The average number of persons employed by the company was 13 (1997 - 8).

	Year ended 31 May 1998	18 months ended 31 May 1997
	£	£
Employee costs during the period amounted to:		
Wages and salaries	532,590	736,350
Social security costs	102,178	74,303
Other pension costs	21,851	-
	656,619	810,653

None of the Directors received any remuneration from the company during the year (1997 - nil).

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1998

4. INTEREST

	Year ended 31 May 1998 £	18 months ended 31 May 1997 £
Interest receivable	7,231	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 May 1998 £	18 months ended 31 May 1997 £
Corporation tax at 31%	101,367	-

6. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 June 1997	24,499
Additions	72,707
At 31 May 1998	97,206
Accumulated depreciation	
At 1 June 1997	4,355
Charge for the year	16,940
At 31 May 1998	21,295
Net book value	
At 31 May 1998	75,911
At 31 May 1997	20,144

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1998

7. DEBTORS

	1998	1997
	£	£
Trade debtors	253,111	187,802
Amounts due from group undertakings	190,000	-
Other debtors	19,938	15,345
Prepayments and accrued income	13,057	-
	<u>476,106</u>	<u>203,147</u>

8. CREDITORS

	1998	1997
	£	£
Amounts falling due within one year		
Amounts due to group undertakings	275,778	673,449
Corporation tax	101,367	-
Other taxation and social security	-	74,738
Accruals and deferred income	1,400	4,900
	<u>378,545</u>	<u>753,087</u>

9. SHARE CAPITAL

	1998	1997
	£	£
Authorised		
10,000 Ordinary shares of \$1 each	6,600	6,600
Allotted and fully paid		
100 Ordinary shares of \$1 each	66	66

The share capital has been translated into sterling at the exchange rate ruling at the date of issue of the shares.

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 1998

10. PROFIT AND LOSS ACCOUNT

	£
At 1 June 1997	-
Profit for the year	210,925
At 31 May 1998	210,925

11. RECONCILIATION OF SHAREHOLDER'S FUNDS

	1998 £	1997 £
Profit for the financial year	210,925	265,088
Opening shareholder's funds	66	(265,022)
Closing shareholder's funds	210,991	66

12. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The Company's ultimate parent company is Misys plc, a company registered in England. Copies of the group financial statements of Misys plc may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 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.