

**Company Registration Number 2801072**

**THE FRUSTUM GROUP (EUROPE) LIMITED**

**Annual Report**

**for the year ended 31 May 2005**



# **THE FRUSTUM GROUP (EUROPE) LIMITED**

## **DIRECTORS' REPORT for the year ended 31 May 2005**

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The Directors present their report and audited financial statements for the year ended 31 May 2005.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company continue to be the supply of computer software and consultancy services, primarily for the international banking market, and the provision of management direction, marketing and research and development for the Company's fellow group undertakings.

### **REVIEW OF THE BUSINESS & FUTURE DEVELOPMENTS**

The Company continued its investment in existing products and in the development of new software solutions and will continue to do so in the future.

### **RESULTS AND DIVIDENDS**

The Companies loss for the financial year is (£206,000) (2004 profit: £274,000). No interim dividend was paid during the year (2004: £nil). The Directors do not recommend the payment of a final dividend (2004: £nil). The results for the company for the year are set out on page 5.

### **DIRECTORS AND THEIR INTERESTS**

#### **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 ordinary shares of 1p each</b>	
	<b>2005</b>	<b>2004</b>
A H Darby	380	380
A I White (resigned 31 August 2005)	6,742	-

#### **Interests in Share Option Schemes**

Options held by Directors over ordinary 1p shares in Misys PLC are disclosed, in the case of AH Darby and A White, in the Annual Report of Misys International Banking Systems Limited.

**THE FRUSTUM GROUP (EUROPE) LIMITED**

**DIRECTORS' REPORT for the year ended 31 May 2005 (Continued)**

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**Interests in Share Option Schemes (continued)**

Details of the share option schemes, the Misys Sharesave incentive plan and the Misys annual Award Plan together with the performance criteria, where applicable, are disclosed in the Annual Report of the ultimate parent company Misys plc.

**AUDITORS**

PricewaterhouseCoopers LLP 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 29th March 2006 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A.H. Darby', written in a cursive style.

A H Darby  
**Director**

## **THE FRUSTUM GROUP (EUROPE) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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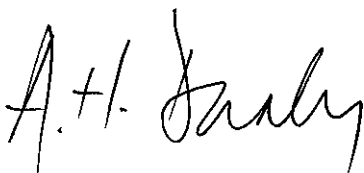
The Directors are responsible for preparing the annual report, including, as described below, the financial statements.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of 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 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.

Approved by the Board of Directors on 29th March 2005 and signed on its behalf by:



A H Darby  
**Director**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE FRUSTUM GROUP (EUROPE) 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 director's 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.

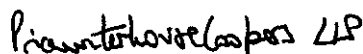
**Basis of audit opinion**

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



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

29th March 2006

**THE FRUSTUM GROUP (EUROPE) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 May 2005**

	Note	2005 £'000	2004 £'000
<b>TURNOVER</b>		313	-
Cost of sales		(579)	(835)
<b>GROSS PROFIT</b>		(266)	(835)
Administrative expenses		(15)	(191)
Other operating income		-	1,300
<b>OPERATING (LOSS)/PROFIT</b>	3	(281)	274
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(281)	274
Tax on (loss)/profit on ordinary activities	6	75	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	14	(206)	274

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

There is no difference between the (loss)/profit on ordinary activities before tax and the retained (loss)/profit for the year stated above and their historical cost equivalents.

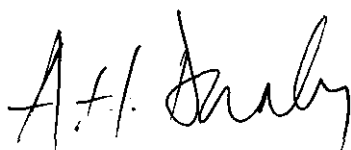
**THE FRUSTUM GROUP (EUROPE) LIMITED**

**BALANCE SHEET**

**as at 31 May 2005**

	Note	2005		2004	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7		-		15
<b>CURRENT ASSETS</b>					
Debtors	8	75		-	
		<u>75</u>		<u>-</u>	
<b>CREDITORS :</b>					
Amounts falling due within one year	9	<u>(3)</u>		<u>(60)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>72</u>		<u>(60)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			72		(45)
<b>CREDITORS :</b>					
Amounts falling due after one year					
Amounts due to group undertakings	10		(2,297)		(1,974)
			<u>(2,225)</u>		<u>(2,019)</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	12		-		-
Profit and loss account	13		(2,225)		(2,019)
<b>EQUITY SHAREHOLDER'S DEFICIT</b>	14		<u>(2,225)</u>		<u>(2,019)</u>

Approved by the Board of Directors on 29th March 2006 and signed on its behalf by



**A H DARBY**  
**Director**

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

**For the year ended 31 May 2005**

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**1. ACCOUNTING POLICIES**

**a) Accounting convention**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and the Companies Act 1985. The principal accounting policies are set out below.

**b) Fundamental Accounting Concept**

The company is trading at a loss and has a deficiency of capital. A letter of support has been received from Misys plc, the ultimate parent company, stating that this company will provide continuing financial support as necessary to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of this report. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

**c) 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
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**d) Revenue recognition**

Revenue from system sales is recognised when a signed contract exists, delivery to a customer has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable. In instances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. No revenue is recognised for multiple element products if an element of the contract remains undelivered and is essential to the functionality of the elements already delivered. Maintenance fees are recognised rateably over the period of the contract. EDI and remote processing services (transaction processing) are recognised as the services are performed. Revenue from professional services, such as implementation, training and consultancy, is recognised as the services are performed.

**e) Deferred taxation**

Deferred taxation 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.

**f) Pensions**

The costs of various money purchase schemes operated by the parent company, Misys PLC, are charged to the profit and loss account as incurred.

**g) Foreign exchange**

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or at rates specified in related forward contracts. Transactions in foreign currencies are translated at the rate ruling at the date of each transaction or at rates specified in related forward contracts. Exchange differences arising from settlement of trading indebtedness are included in operating profit.

**h) Cash Flow Statement**

The company is a wholly owned subsidiary of Misys plc, a company registered in England. Misys plc has produced publicly available consolidated financial statements which contain a cash flow statement prepared in accordance with Financial Reporting Standard 1 (FRS1). The Company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.



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

**for the year ended 31 May 2005 (continued)**

**2. SEGMENTAL REPORTING**

No geographical analysis has been presented as turnover derives from sales to Europe only

**3. OPERATING LOSS/PROFIT**

	2005 £'000	2004 £'000
Operating loss/(profit) is arrived at after charging:		
Depreciation of owned assets	15	23
Auditors' remuneration - audit services	<u>-</u>	<u>-</u>

Auditors' remuneration for the year was zero, this cost was borne by Misys International Banking Systems Ltd a group company.

**4. EMPLOYEES**

	2005 Number	2004 Number
The average number employed by the Company was as follows:		
Consulting staff	7	14
Sales staff	-	1
Administrative and management staff	<u>-</u>	<u>-</u>
	<u>7</u>	<u>15</u>

	2005 £'000	2004 £'000
Employee costs during the year amounted to:		
Wages and salaries	429	728
Social security costs	54	84
Other pension costs	<u>29</u>	<u>43</u>
	<u>512</u>	<u>855</u>

**5. DIRECTORS' EMOLUMENTS**

The emoluments of Messrs Darby and White were paid by Misys International Banking Systems Ltd. Their services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Misys International Banking Systems Ltd. Accordingly, no details regarding emoluments in respect of Messrs Darby and White are given.

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

**for the year ended 31 May 2005 (continued)**

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

**a) Analysis of tax (credit) in the year:**

	2005 £'000	2004 £'000
Corporation tax credit at 30% (2004 : 30%)	(75)	-
	<u>(75)</u>	<u>-</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

**b) Factors affecting tax (credit)/charge in the year:**

(Loss)/Profit on ordinary activities before tax	(281)	274
Tax at standard rate of UK corporation tax of 30%	(80)	82
<i>Effects of:</i>		
Non provided timing differences	5	8
Capital related transactions	-	14
Benefit of losses brought forward	-	(104)
Non deductible expenditure	-	-
Other adjustments	-	-
<b>Current tax credit for the year [note 6 a)]</b>	<u>(75)</u>	<u>-</u>

**7. TANGIBLE FIXED ASSETS**

	Furniture, fittings and equipment £'000
<b>Cost</b>	
At 1 June 2004	297
Additions	-
Disposal	-
<b>At 31 May 2005</b>	<u>297</u>
<b>Accumulated depreciation</b>	
At 1 June 2004	282
Charge for the year	15
Disposal	-
<b>At 31 May 2005</b>	<u>297</u>
<b>Net book value</b>	
At 31 May 2005	<u>-</u>
At 31 May 2004	<u>15</u>

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

**for the year ended 31 May 2005 (continued)**

**8. DEBTORS**

	2005 £'000	2004 £'000
Amounts due from group undertakings	75	-
	<u>75</u>	<u>-</u>

Amounts due from group undertakings are non-interest bearing, unsecured and repayable on demand.

**9. CREDITORS**

	2005 £'000	2004 £'000
<b>Amounts falling due within one year</b>		
Other creditors	-	57
Accruals and deferred income	3	3
	<u>3</u>	<u>60</u>

**10. CREDITORS**

	2005 £'000	2004 £'000
<b>Amounts falling due after one year</b>		
Amounts due to group undertakings	<u>2,297</u>	<u>1,974</u>

Amounts due to group undertakings are non-interest bearing, unsecured and are repayable on demand.

**11. DEFERRED TAXATION**

The following deferred tax assets have not been recognised as their use is uncertain or is not currently anticipated due to losses within the group.

	2005 £'000	2004 £'000
The unrecognised assets are as follows:		
Accelerated capital allowances	50	50
Other timing differences	1	1
Losses	464	448
Unprovided deferred tax assets	<u>515</u>	<u>499</u>

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

**for the year ended 31 May 2005 (continued)**

**12. SHARE CAPITAL**

	2005 £	2004 £
<b>Authorised</b>		
10,000 Ordinary shares of US\$1 each	<u>6,600</u>	<u>6,600</u>
<b>Allotted and fully paid</b>		
100 Ordinary shares of US\$1 each	<u>66</u>	<u>66</u>

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

**13. RESERVES**

<b>PROFIT AND LOSS ACCOUNT</b>	<b>£'000</b>
Deficit at 1 June 2004	(2,019)
Loss for the financial year	(206)
Deficit at 31 May 2005	<u>(2,225)</u>

**14. RECONCILIATION OF SHAREHOLDER'S DEFICIT**

	2005 £'000	2004 £'000
(Loss)/Profit for the financial year	(206)	274
Opening shareholder's deficit	(2,019)	(2,293)
Closing shareholder's deficit	<u>(2,225)</u>	<u>(2,019)</u>

**15. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS**

The Company's ultimate parent company and controlling party 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 CF14 3UZ.

The Company has taken advantage of the exemption under FRS 8 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.