

Company Registration Number 2801072

THE FRUSTUM GROUP (EUROPE) LIMITED

Report and Financial Statements

31 May 1997



THE FRUSTUM GROUP (EUROPE) LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the 18 months ended 31 May 1997.

PRINCIPAL ACTIVITY AND REVIEW OF 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 period. Profits of £265,088 (1995 - losses of £212,757) 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 5p each	1995 (or date of appointment)
		1997	
M Stadther		-	-
S R Davis		-	-
H Demetrios		-	-
C Flock		-	-
G Sommers		-	-
F P Helsby	(appointed 14 March 1997)	#	#
F J Spadafora	(appointed 14 March 1997)	-	-
J G Sussens	(appointed 14 March 1997)	*	*

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.

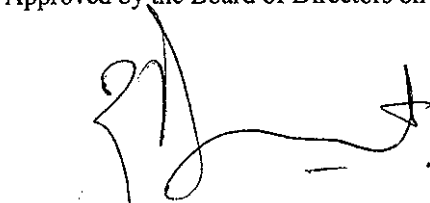
THE FRUSTUM GROUP (EUROPE) LIMITED

DIRECTORS' REPORT

AUDITORS

On 31 May 1997, Sanders & Shaw resigned as auditors of the Company and Deloitte & Touche were appointed by the Directors in their place. 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 28 July 1997 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Z V Durrant', written over a horizontal line.

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.

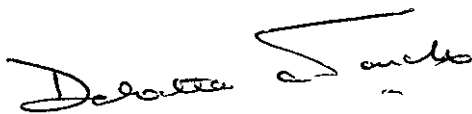
Basis of opinion

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 1997 and of its profit for the period 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

16 March 1998

THE FRUSTUM GROUP (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 May 1997

		18 Months ended	Year ended
		31 May 1997	30 November 1995
	Note	£	£
TURNOVER		1,583,657	-
Operating costs			
Administrative expenses		(1,319,076)	(212,757)
OPERATING PROFIT (LOSS)		265,088	(212,757)
Tax on profit (loss) on ordinary activities	4	-	-
PROFIT (LOSS) FOR THE PERIOD	9	265,088	(212,757)

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 1997

	Note	31 May 1997 £	30 November 1995 £
FIXED ASSETS			
Tangible assets	5	20,144	3,990
CURRENT ASSETS			
Debtors	6	203,147	10,806
Cash at bank and in hand		529,862	6,234
		<u>733,009</u>	<u>17,040</u>
CREDITORS: amounts falling due within one year	7	<u>(753,087)</u>	<u>(5,886)</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(20,078)</u>	<u>11,154</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		66	15,144
CREDITORS: amounts falling due after more than one year	7	<u>-</u>	<u>(280,166)</u>
		<u>66</u>	<u>(265,022)</u>
CAPITAL AND RESERVES			
Share capital	8	66	66
Profit and loss account	9	-	(265,088)
EQUITY SHAREHOLDER'S FUNDS (DEFICIT)	10	<u>66</u>	<u>(265,022)</u>

Approved by the Board of Directors on 28 July 1997 and signed on its behalf by



J.C. SUSSENS, Director

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 May 1997

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 (LOSS)

	18 months ended 31 May 1997 £	Year ended 30 November 1995 £
Operating profit (loss) is arrived at after charging:		
Depreciation of owned assets	3,221	1,054
Auditors' remuneration - audit services	1,000	1,000
	<u> </u>	<u> </u>

3. EMPLOYEES

The average number of persons employed by the company was 8 (1995 - 3).

	18 months ended 31 May 1997 £	Year ended 30 November 1995 £
Employee costs during the period amounted to:		
Wages and salaries	736,350	96,396
Social security costs	74,303	9,832
	<u>810,653</u>	<u>106,228</u>

None of the Directors received any remuneration from the company during the period (1995 - nil).

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 May 1997

4. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

There is no taxation charge in the period as a result of losses brought forward from earlier periods.

5. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 December 1995	5,124
Additions	19,375
	<hr/>
At 31 May 1997	24,499
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Accumulated depreciation	
At 1 December 1995	1,134
Charge for the period	3,221
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At 31 May 1997	4,355
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Net book value	
At 31 May 1997	20,144
	<hr/> <hr/>
At 30 November 1995	3,990
	<hr/> <hr/>

6. DEBTORS

	31 May 1997 £	30 November 1995 £
Trade debtors	187,802	-
Other debtors	15,345	5,169
Prepayments and accrued income	-	5,637
	<hr/>	<hr/>
	203,147	10,806
	<hr/> <hr/>	<hr/> <hr/>

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 May 1997

7. CREDITORS

	31 May 1997 £	30 November 1995 £
Amounts falling due within one year		
Amounts due to group undertakings	673,449	-
Other taxation and social security	74,738	-
Accruals and deferred income	4,900	5,886
	<u>753,087</u>	<u>5,886</u>
Amounts falling due after more than one year		
Amounts due to group undertakings	-	280,166
Total creditors	<u>753,087</u>	<u>286,052</u>

8. SHARE CAPITAL

	31 May 1997 £	30 November 1995 £
Authorised		
10,000 Ordinary shares of \$1 each	<u>6,600</u>	<u>6,600</u>
Allotted and fully paid		
100 Ordinary shares of \$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.

9. PROFIT AND LOSS ACCOUNT

	£
At 1 December 1995	(265,088)
Profit for the period	<u>265,088</u>
At 31 May 1997	<u>-</u>

THE FRUSTUM GROUP (EUROPE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 May 1997

10. RECONCILIATION OF SHAREHOLDER'S FUNDS (DEFICIT)

	31 May 1997	30 November 1995
	£	£
Profit (loss) for the financial period	265,088	(212,757)
Opening shareholder's deficit	(265,022)	(52,265)
Closing shareholder's funds (deficit)	<u>66</u>	<u>(265,022)</u>

11. 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.