

Company registration number 03259295

Misys International Banking Systems (CIS) Limited

Report and financial statements

for the year ended

31 May 2012



Misys International Banking Systems (CIS) Limited
Company registration number 03259295

Directors' report for the year ended 31 May 2012

The Directors present their annual report and audited financial statements of the Company for the year ended 31 May 2012

Principal activities and review of the business

The principal activity of the Company is to supply computer software and consultancy services for the international banking market. The Company continued supplying computer software and consultancy services during the year and will continue to do so in the future.

On 19 March 2012, the independent Directors of Misys Limited (formerly Misys plc), the Company's ultimate parent company and controlling party at that date, announced that they had reached agreement on the terms of a recommended cash offer made by Magic Bidco Limited, a wholly owned subsidiary of Vista Equity Partners, LLC, for the entire issued and to be issued share capital of Misys Limited (formerly Misys plc) (the Acquisition). The Acquisition was implemented by means of a scheme of arrangement (the Scheme) pursuant to Part 26 of the Companies Act 2006.

Shareholders' approval to the Acquisition and the Scheme was given at a general meeting of the Company held on 24 April 2012. The Scheme was sanctioned by the Supreme Court on 28 May 2012 and Misys plc shares were suspended from trading on the London Stock Exchange on 31 May 2012. The Acquisition became effective on 1 June 2012 and Misys plc shares were delisted from the London Stock Exchange.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies exemption.

Results and dividends

The results of the Company for the year are set out on page 5. An interim dividend of £2.0m (2011: £nil) was paid during the year. The Directors do not recommend the payment of a final dividend (2011: £nil). A loss of £1.2m (2011: £0.4m) has been transferred from reserves.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Misys Limited (formerly Misys plc). The directors have received confirmation that Misys Limited intend to support the company for at least one year after these financial statements are signed.

Overseas branches

Misys International Banking Systems (CIS) Limited operates through an overseas branch in Moscow.

Directors

The Directors who served during the year and up to the date of signing the financial statements were as follows:

Misys Corporate Director Limited
N Farrimond (resigned 6 September 2012)
T Homer
B Patel (appointed 6 September 2012)

Misys International Banking Systems (CIS) Limited

Directors' report for the year ended 31 May 2012

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors were unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities

All Directors have been granted an indemnity by the ultimate parent company, Misys Limited (formerly Misys plc), to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 which was made during the financial year and remains in force at the date of this report.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and are deemed automatically re-appointed.

By order of the Board



For and on behalf of
Misys Corporate Director Limited
Director
11 October 2012

Independent Auditors' Report to the members of Misys International Banking Systems (CIS) Limited

We have audited the financial statements of Misys International Banking Systems (CIS) Limited for the year ended 31 May 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 May 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the members of
Misys International Banking Systems (CIS) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Giles Hannam (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 October 2012

Misys International Banking Systems (CIS) Limited

Profit and loss account for the year ended 31 May 2012

	Note	2012 £'000	2011 £'000
Turnover	2	1,012	1,849
Cost of sales		<u>(152)</u>	<u>(285)</u>
Gross profit		860	1,564
Administrative expenses		<u>(2,044)</u>	<u>(1,894)</u>
Operating loss	3	(1,184)	(330)
Interest receivable and similar income	5	4	32
Interest payable and similar charges	5	<u>(14)</u>	<u>-</u>
Loss on ordinary activities before taxation		(1,194)	(298)
Tax on loss on ordinary activities	6	-	(103)
Loss for the financial year	12	<u><u>(1,194)</u></u>	<u><u>(401)</u></u>

The notes to the financial statements are on pages 7 to 13

The results for the years reflect trading from continuing operations

There were no recognised gains or losses for the year other than the loss for the financial years stated above. Accordingly, no statement of total recognised gains and losses is given.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Misys International Banking Systems (CIS) Limited

Balance sheet as at 31 May 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	<u>10</u>	<u>12</u>
Current assets			
Debtors			
- due within one year	9	223	3,608
- due after more than one year	9	499	516
Cash at bank and in hand		<u>110</u>	<u>5</u>
		832	4,129
Creditors. amounts falling due within one year	10	<u>(931)</u>	<u>(1,033)</u>
Net current (liabilities) assets		<u>(99)</u>	<u>3,096</u>
Total assets less current liabilities		(89)	3,108
Creditors: amounts falling due after more than one year	10	<u>(600)</u>	<u>(600)</u>
Net (liabilities) assets		<u><u>(689)</u></u>	<u><u>2,508</u></u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>(689)</u>	<u>2,508</u>
Total shareholders' (deficit) funds	13	<u><u>(689)</u></u>	<u><u>2,508</u></u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 11 October 2012 and signed on its behalf by



T Homer
Director

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

1. Accounting policies

Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

The most widely used straight line annual rates of depreciation are

Furniture, fittings and equipment	10% - 25% per annum
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Turnover

Revenue represents the fair value of consideration received or receivable from clients for goods and services provided by the Company, net of discounts and sales taxes. Revenue is recognised when a legal right to consideration exists, delivery to a customer has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable.

Where these circumstances exist but no invoice to the customer has been raised, under the terms of the contracts revenue is recognised as normal but the corresponding receivable is shown as accrued income on the balance sheet.

Initial licence fees ('ILF') are the revenue generated when the Company sells the right to use a software product, including significant upgrades, and when a fee is payable for a significant variation of an existing product. ILF from sales of standard, unmodified software are recognised when a valid 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 significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. No revenue is recognised for multiple deliveries or multiple element products if an element of the contract remains undelivered and is essential to the functionality of the elements already delivered.

Licence and installation fees from sales of standard software sold on an Application Service Provider (ASP) model are recognised over the expected life of the contract.

Revenue from global services, such as implementation, training and consultancy, is recognised as the services are performed. In certain circumstances, the percentage of completion method is used to determine the degree of completion of a contract. This involves a comparison of the costs incurred on the contract to date with the total expected costs of the contract. Losses on contracts are recognised as soon as a loss is foreseen by reference to the estimated costs of completion.

Initial licence fees on sales of bespoke or heavily customised software, together with revenue from the associated professional services contract, are recognised on a percentage of completion basis over the period from the commencement of performance on the contract to customer acceptance.

Maintenance fees are recognised rateably over the period of the contract. Revenue from Electronic Data Interchange (EDI) and remote processing services (transaction processing) is recognised as the services are performed.

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

Deferred income

Deferred maintenance fees represent amounts invoiced in advance for contracts which provide technical support and trouble shooting assistance (helpdesk, etc) in addition to upgrades and enhancements to the Group's software products and hardware maintenance

Maintenance fees are recognised as revenue rateably as the services are provided over the period of the contract. Other deferred income represents amounts invoiced, including deposits, primarily in respect of initial licence fees for software products and professional services for which the revenue recognition criteria have yet to be satisfied

Operating leases

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

Taxation

Current tax for the current and prior year is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which dividend is approved by the Company's shareholders

Foreign exchange

Monetary 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 loss

Pensions

Misys Limited (formerly Misys plc), the ultimate parent company, operates a defined contribution pension scheme covering senior staff. The costs of the pension scheme are charged to the profit and loss account as incurred

Cash flow statements and related party disclosures

The Company is a wholly owned subsidiary of Misys Limited (formerly Misys plc) and is included in the consolidated financial statements of Misys Limited (formerly Misys plc), which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash Flow Statements'

The Company has also taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose transactions with group undertakings since Misys Limited (formerly Misys plc) is the beneficial owner of the entire equity share capital of the Company

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

2. Turnover

Turnover is all derived from sales in Europe

Turnover by activity is as follows

	2012 £'000	2011 £'000
Initial license fees	27	733
Maintenance	782	842
Global Services	203	274
	<u>1,012</u>	<u>1,849</u>

3. Operating loss

	2012 £'000	2011 £'000
Operating loss is arrived at after charging		
Depreciation of owned assets	5	4
Operating leases – land and buildings	75	81
Auditors' remuneration	<u>11</u>	<u>10</u>

Remuneration of the Directors' has been borne by a fellow subsidiary as was the case in the prior year. The Directors' services to this Company are of non-executive nature and as such their emoluments are deemed to be wholly attributable to their services to other group companies.

4. Employees

	2012 Number	2011 Number
The average number of people employed by the Company was as follows		
Administrative and management staff	<u>13</u>	<u>9</u>
	2012 £'000	2011 £'000
Employee costs during the year amounted to		
Wages and salaries	609	525
Social security costs	73	29
Pension costs	34	29
Share based payments	55	11
	<u>771</u>	<u>594</u>

5. Interest

	2012 £'000	2011 £'000
Interest receivable and similar income		
Amount receivable from Group undertakings	<u>4</u>	<u>32</u>
	£'000	£'000
Interest payable and similar charges		
Amount payable to Group undertakings	<u>14</u>	<u>-</u>

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

6. Tax on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior years	-	(86)
Total current tax	-	(86)
Deferred tax		
Deferred tax charge	-	(17)
Total tax charge for the year	-	(103)

The tax assessed for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 25.7% (2011 27.67%). The differences are explained as follows

	2012 £'000	2011 £'000
Loss on ordinary activities before taxation	(1,194)	(298)
Tax on loss for the year at the standard rate of UK tax of 25.7% (2011 27.67%)	307	83
Non deductible expenditure	(12)	(3)
Capital allowance in excess of depreciation	1	5
Tax adjustment on inter-company transactions	5	-
Adjustments in respect of prior years	-	(86)
Group relief surrendered for nil consideration	(301)	(85)
Current tax charge for the year	-	(86)

A number of changes to the UK corporation tax system were announced in the March 2012 Budget Statement. The Finance Act 2011 was enacted in July 2011 and reduces the main rate of corporation tax from 26% to 24% from 1 April 2011. Further reductions are proposed to be enacted separately each year with the aim of reducing the rate by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. We estimate the reduction in the corporation tax rate from 24% to 22% will not have a material impact on the Company's results.

The following deferred tax assets have not been recognised as their use is uncertain or is not currently anticipated due to insufficient suitable profits within the Group

	2012 £'000	2011 £'000
Accelerated capital allowances	39	22

7. Dividends

	2012 £'000	2011 £'000
Equity - ordinary		
Interim paid – £1.0m (2011 nil) per £1 share	2,003	-

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

8. Tangible fixed assets

	Furniture, fittings and equipment £'000
Cost	
At 1 June 2011	66
Additions	3
At 31 May 2012	69
Accumulated depreciation	
At 1 June 2011	54
Charge for the year	5
At 31 May 2012	59
Net book value	
At 31 May 2012	10
At 31 May 2011	12

9. Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	10	776
Amounts owed by group undertakings	79	1,804
Other taxation and social security	45	24
Prepayments and other debtors	89	81
Accrued income	-	923
	223	3,608
Amounts falling due after more than one year		
Amounts owed by group undertakings	3	516
Accrued income	496	-
	499	516

Amounts owed by group undertakings are unsecured and are repayable on demand. The Company has no immediate intention to recall £3,000 (2011: £516,000) of these loans in the short term and so these amounts are classified as non-current assets.

Of the amounts due from group undertakings above, £3,000 (2011: £516,000) is interest bearing. The make-up of this amount has attracted interest at a floating rate ranging from 3.38% to 3.52% (2011: 3.32% to 3.38%) during the year.

10. Creditors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	498	587
Accruals and deferred income	433	446
	931	1,033
Amounts falling due after more than one year		
Amounts owed to group undertakings	600	600

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand. However, payment of £0.6m (2011: £0.6m) is not expected within the short term and so these amounts are classified as non-current liabilities.

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

11. Called up share capital

	2012 £	2011 £
Authorised		
1,000 (2011 1,000) Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
2 (2011 2) Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

12. Profit and loss account

	£'000
At 1 June 2011	2,508
Loss for the financial year	(1,194)
Dividends paid	(2,003)
At 31 May 2012	<u>(689)</u>

13. Reconciliation of movements in shareholders' (deficit) funds

	2012 £'000	2011 £'000
Loss for the financial year	(1,194)	(401)
Dividends paid	(2,003)	-
	<u>(3,197)</u>	<u>(401)</u>
Opening shareholders' funds	2,508	2,909
Closing shareholders' (deficit) funds	<u>(689)</u>	<u>2,508</u>

14. Financial commitments

The annual commitments under non-cancellable operating leases in respect of land and buildings are as follows

	2012 £'000	2011 £'000
Operating leases which expires:		
Within one year	-	-
Between two and five years	15	-
More than five years	64	73
	<u>79</u>	<u>73</u>

15. Ultimate parent company

The Company's immediate parent company is Misys Holdings Limited

The parent company of both the largest and smallest group in which Misys International Banking Systems (CIS) Limited is included in consolidated financial statements is that of Misys Limited (formerly Misys plc)

The Company's ultimate parent undertaking and controlling party at 31 May 2012 was Misys Limited (formerly Misys plc), a company registered in England and Wales. Copies of the group financial statements of Misys Limited (formerly Misys plc) may be obtained from the Company Secretary of Misys Limited (formerly Misys plc), One Kingdom Street, Paddington, London W2 6BL

Misys International Banking Systems (CIS) Limited

Notes to the financial statements for the year ended 31 May 2012

15. Post balance sheet events

On 19 March 2012, the independent Directors of Misys plc announced that they had reached agreement on the terms of a recommended cash offer made by Magic Bidco Limited, a wholly owned subsidiary of Vista Equity Partners, LLC, for the entire issued and to be issued share capital of Misys plc (the Acquisition). The Acquisition was implemented by means of a scheme of arrangement (the Scheme) pursuant to Part 26 of the Companies Act 2006.

Shareholders' approval to the Acquisition and the Scheme was given at a general meeting of Misys plc held on 24 April 2012. The Scheme was sanctioned by the Supreme Court on 28 May 2012 and Misys plc shares were suspended from trading on the London Stock Exchange on 31 May 2012. On 1 June 2012 Misys plc shares were delisted from the London Stock Exchange. Until 31 May 2012, Misys plc was the ultimate holding company of the Misys plc group of companies. On 8 June 2012, Misys plc was re-registered as a private limited company and renamed as Misys Limited, a wholly owned subsidiary of Magic Bidco Limited.

At the balance sheet date, Vista had no operational control over Misys plc and as such the effective date of acquisition is 1 June 2012. Therefore, the financial statements of the Company reflect no consequential impact on the valuation of assets and liabilities for the year ended 31 May 2012. The impact on the financial statements in the year ending 31 May 2013 and beyond, if any, has not yet been determined.

As part of the acquisition, Magic Bidco Limited arranged new multicurrency financing facilities for funding the Acquisition and replacement of existing loan facilities of the Group. These facilities comprise a secured credit agreement for US\$1,045m and Euro 100m and an unsecured credit agreement for US\$645m which matures between five and seven years. The existing facilities and convertible bond of the Group were repaid in June 2012 and replaced with the new loan facilities.