Company registered number 03561603

Misys IQ Limited

Report and financial statements
for the year ended
31 May 2014

Misys IQ Limited

Strategic Report for the year ended 31 May 2014

The Directors present their strategic report of the Company for the year ended 31 May 2014.

Review of business

The principal activity of the Company is to supply computer software and consultancy services for the international banking and financial trading markets.

Turnover reduced by 29% in comparison with the prior year driven by a decrease in initial licences fees. Initial licence fees in the prior year were exceptionally high due to a significant deal signed during that period. This decrease in turnover was somewhat offset by a reduction in administration costs. However, operating profit fell year on year by 21% from £7,793,000 to £6,126,000.

Net assets of the Company increased from £28,346,000 at 31 May 2013 to £34,430,000 as at 31 May 2014. This was largely due to an increase in amounts receivable from group undertakings.

The results of the Company for the year are set out on page 6.

The Directors consider that the results of the Company for the year were satisfactory.

Key performance indicators

The executive management of Misys Newco 2 S.à r.l. manage the Misys Group operations on a group basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Misys Newco 2 S.à r.l. group ('the Group'), which includes the Company, is discussed on pages 1 to 3 of the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Misys Newco 2 S.à r.l., which include those of the Company, are discussed on pages 4 to 8 of the Group's annual report which does not form part of this report.

On behalf of the Board

T Homer
Director
30 October 2014

Directors' report for the year ended 31 May 2014

The Directors present their annual report and audited financial statements of the Company for the year ended 31 May 2014.

Future developments

The Directors intend to liquidate the Company by 31 May 2015, in order to simplify the corporate structure of the Misys Newco 2 S.à r.l. group.

Results and dividends

The Company's profit for the financial year of £6,084,000 (2013: £7,641,000) was transferred to reserves. No interim dividend was paid during the year (2013: £nil) and the Directors do not recommend the payment of a final dividend (2013: £nil). The results of the Company for the year are set out on page 6.

Going concern

The financial statements have not been prepared on the going concern basis as the Directors intend to liquidate the Company by 31 May 2015. No adjustments were required in the attached financial statements as assets relate to intercompany transactions and their carrying value is equivalent to net realisable value. Fixed assets and long-term liabilities have been reclassified as current assets and liabilities.

Directors

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

T Homer
Misys Corporate Director Limited (resigned 2 December 2013)
J Hawkes (resigned 1 October 2013)
E Collins (appointed 1 August 2013, resigned 31 July 2014)
S Patel (appointed 16 October 2013, resigned 28 August 2014)
J van Harken (appointed 31 July 2014)
A Woodward (appointed 5 September 2014)

Financial risk management

The Company's operations expose it to a variety of financial risks including foreign exchange currency risk, credit risk and liquidity risk.

Foreign exchange currency risk
The Company operates internationally and is exposed to foreign currency movements, primarily the US Dollar and the Euro. Foreign exchange risks arise when future commercial transactions and recognised assets and liabilities are denominated in currencies that are not the Company's functional currency.

The Group's net exposure to foreign currency risk is illustrated by the sensitivity analysis on page 55 of the Group's Annual Report.

Credit risk
The Company's principal financial assets are cash, bank balances, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. It has policies in place to ensure that sales are made to customers with an appropriate credit history, and also policies that limit the amount of credit exposure to any financial institution. The Company has no significant concentrations of credit risk, with exposures spread over a large number of customers.

Liquidity risk
The Company currently has no requirements for debt finance; sufficient funds for operations are maintained at a group level.

Further details of the group's risk policies are available within the Annual Report of Misys Newco 2 S.à r.l.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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.

Statement of 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 intermediate parent company, Misys Newco 2 S.à r.l. 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 signing 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

T Homer
Director
30 October 2014

Independent Auditors' Report to the members of Misys IQ Limited

Report on the financial statements

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its profit 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 requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. Following the year-end, the directors have decided to liquidate the company before 31 May 2015 through a member's voluntary liquidation. Accordingly, the going concern basis of accounting is no longer appropriate. No adjustments were required in these financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision. Adjustments have been made in these financial statements to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, which are prepared by Misys IQ Limited, comprise:

- Balance sheet as at 31 May 2014;
- Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report to the members of Misys IQ Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 ISAs (UK & 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.

Alex Hookway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 October 2014

Misys IQ Limited

Profit and loss account for the year ended 31 May 2014

	Note	2014 £'000	2013 £'000
Turnover	2	**12,789**	18,124
Cost of sales		**(65)**	(99)
Gross profit		**12,724**	18,025
Administrative expenses		**(6,598)**	(10,232)
Operating profit	3	**6,126**	7,793
Profit on ordinary activities before taxation		**6,126**	7,793
Tax on profit on ordinary activities	6	**(42)**	(152)
Profit for the financial year	10	**6,084**	7,641

The notes to the financial statements are on pages 8 to 12.

The results for both years reflect trading from continuing operations.

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

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

Misys IQ Limited

Balance sheet as at 31 May 2014

	Note	2014 £'000	2013 £'000
Current assets			
Debtors			
- amounts falling due within one year	7	**100,793**	40,317
- amounts falling due after more than one year	7	**-**	50,786
Cash at bank and in hand		**2**	2
		100,795	91,105
Creditors: amounts falling due within one year	8	**(66,365)**	(9,617)
Net current assets		**34,430**	28,346
Total assets less current liabilities		**34,430**	28,346
Creditors: amounts falling due after more than one year	8	**-**	(53,142)
Net Assets		**34,430**	28,346
Capital and reserves			
Called up share capital	9	**1**	1
Share Premium account		**14,107**	14,107
Profit and loss account	10	**20,322**	14,238
Total shareholders' funds	11	**34,430**	28,346

The financial statements on pages 6 to 12 were approved by the Board of Directors on 30 October 2014 and signed on its behalf by:

A Woodward
Director

Misys IQ Limited – Registered number 03561603

1 Accounting policies

Accounting convention
These financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The directors have decided to liquidate the Company by 31 May 2015, in order to simplify the corporate structure of the Misys Newco 2 S.à r.l. group, and therefore the directors no longer consider it appropriate to prepare the financial statements on the going concern basis and have prepared them on a basis other than going concern, which requires:

i) assets are stated at their realisable values;
ii) any long term assets and liabilities are reclassified as current assets and liabilities;
iii) provision is made for closure costs and future trading losses, unless such costs are more than offset by expected future trading profits.

No adjustments were required in the attached financial statements as assets relate to intercompany transactions and their carrying value is equivalent to net realisable value. Fixed assets and long-term liabilities have been reclassified as current assets and liabilities. The cost of the winding up is not provided in the financial statements as this cost will be borne by its immediate parent company.

The principal accounting policies which have been applied consistently throughout the year are set out below. The comparative financial information continues to be prepared on a going concern basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 31 May 2014 on a basis other than going concern.

Taxation
Current tax for the current and prior periods 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.

Turnover
Turnover 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. Turnover 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, turnover is recognised but the corresponding receivable is shown as accrued income on the balance sheet.

Initial licence fees ('ILF') are the turnover 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 legal right to consideration exists, software has passed internal quality checks and is deemed generally available, 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, turnover recognition is deferred until the obligation has been satisfied. No turnover 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.

Turnover from 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 turnover from the associated professional services contract, are treated as a single deliverable and 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. Turnover from other services is recognised as the services are performed.

Deferred income
Deferred maintenance fees represent amounts invoiced in advance for contracts which provide technical support and trouble shooting assistance in addition to upgrades and enhancements to the Group's software products and hardware maintenance. Maintenance fees are recognised as turnover 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 turnover recognition criteria are yet to be satisfied.

Cash flow statement and related party disclosures
The Company is a wholly owned subsidiary of Misys Newco 2 S.à r.l. and is included in the consolidated financial statements of Misys Newco 2 S.à r.l. 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 'Cash Flow Statements' (revised 1996).

The Company has taken advantage of the exemption under FRS 8 'Related party transactions' not to disclose transactions with group undertakings since Misys Newco 2 S.à r.l. is the owner of all of the equity share capital of the Company.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are converted at the rates of exchange ruling at the balance sheet date or at the rates specified in related derivative instruments. Transactions in foreign currencies are converted at the rate ruling at the date of each transaction or at the rates specified in related financial instruments. Exchange differences are included in the profit and loss account where they relate to trading transactions.

2 Turnover

The principal activity of the Company is to supply computer software and consultancy services.

Turnover by activity is as follows:

	2014	2013
	£'000	£'000
Initial license fees	**1,878**	7,528
ASP subscriptions revenue	**-**	56
Maintenance	**8,540**	7,696
Professional Services	**2,371**	2,844
	12,789	18,124

Turnover by geographical market is as follows:

	2014 £'000	2013 £'000
United Kingdom	**3,860**	10,474
Rest of Europe	**8,794**	7,389
Others	**135**	261
	12,789	18,124

3 Operating profit

Auditors' remuneration for the audit of the statutory financial statements for the year was £11,400 (2013: £11,100).

4 Employees

There are no employees of the Company during the year (2013: nil). An annual management fee is charged for employee costs incurred by Misys International Banking Systems Limited on behalf of the Company.

5 Directors' emoluments

The emoluments of the Directors are paid by other group companies. Their services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no emoluments details are disclosed in these financial statements.

6 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Current tax		
UK corporation tax charge on profit for the year	**-**	-
Withholding taxes	**(42)**	(152)
Total current tax	**(42)**	(152)
Deferred tax		
Deferred tax charge	**-**	-
Tax charge on profit on ordinary activities	**(42)**	(152)

The tax charge assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 22.67% (2013: 23.83%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	**6,126**	7,793
Current tax charge at the standard rate of UK tax of 22.67% (2013: 23.83%)	**(1,389)**	(1,857)
Effects of:		
Non-taxable income	**-**	27
Irrecoverable withholding tax	**(42)**	(152)
Tax adjustment on intercompany transactions	**631**	148
Group relief claimed for nil consideration	**758**	1,682
Current tax charge for the year	**(42)**	(152)

A deferred tax asset, which has not been recognised as its use is uncertain or is not currently anticipated due to insufficient suitable profits within the Group, consists of accelerated capital allowances of £230,000 (2013: accelerated capital allowances of £266,000).

7 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Trade debtors	**2,080**	4,241
Amounts owed by group undertakings	**98,076**	31,241
Prepayments and accrued Income	**637**	4,835
	100,793	40,317
Amounts falling due after more than one year		
Accrued income	**-**	88
Amounts owed by group undertaking	**-**	50,698
	-	50,786

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. However, at the prior year end, payment of £50,698,000 was not expected within the short term and so these amounts were classified as non-current assets.

8 Creditors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	**60,115**	4,837
Deferred income	**5,902**	4,174
Other taxation	**341**	594
Accruals and other creditors	**7**	12
	66,365	9,617
Amounts falling due in more than one year		
Amounts owed to group undertakings	**-**	52,698
Deferred income	**-**	444
	-	53,142

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand. However, at the prior year end, payment of £52,698,000 was not expected within the short term and so these amounts were classified as non-current liabilities.

9 Called up share capital

	2014 £'000	2013 £'000
Authorised		
1,000 (2013: 1,000) Ordinary Shares of £1 each	**1**	1
Allotted and fully paid		
1,000 (2013: 1,000) Ordinary Shares of £1 each	**1**	1

10 Profit and loss account

	£'000
At 1 June 2013	14,238
Profit for the financial year	6,084
At 31 May 2014	**20,322**

11 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	**6,084**	7,641
Opening shareholders' funds	**28,346**	20,705
Closing shareholders' funds	**34,430**	28,346

12 Contingent liabilities

The Company, together with several other wholly owned subsidiaries of Misys Newco 2 S.à r.l. guarantees the credit facilities of the group. These facilities comprise secured credit agreements for US$1,308m for first lien loans and US$625m for second lien loans, which mature between four and six years. Under the credit facilities of the group, there is a fixed and floating charge over all of the assets of the Company.

13 Ultimate parent company

The Company's immediate parent company is Misys International Banking Systems Limited.

The parent company of the smallest group in which the Company is included in consolidated financial statements is that of Misys Newco 2 S.à r.l., a company incorporated in Luxembourg. The parent company of the largest group in which the Company is included in consolidated financial statements is that of Misys Newco S.à r.l., a company incorporated in Luxembourg.

Copies of the group financial statements of Misys Newco 2 S.à r.l. and Misys Newco S.à r.l. may be obtained from the Misys Group Secretariat, One Kingdom Street, Paddington, London W2 6BL.

The party which controls the Company is Vista Equity Partners based in USA.