

Company Registration Number 3573352

SESAME GROUP LIMITED
(FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

Report and Financial Statements

31 May 2004



SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 May 2004.

CHANGE OF NAME

The company changed its name from Financial Options Group Limited to Sesame Group Limited on 31 July 2003.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the Company are acting as an intermediate holding company within the Misys Group.

In the opinion of the Directors, the Company has operated satisfactorily during the year and no significant change is expected in the foreseeable future.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out in detail on page 6. The directors do not propose a dividend for the year (2003: £nil). Losses of £5,812,000 (2003: profits of £13,330,000) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The name of the persons who served as Directors of the Company and their interests in the share capital of the ultimate parent company, Misys plc, were as follows:

Misys plc Ordinary share of 1p each	2004	2003
J G Sussens (resigned 28 May 2004)	N/a	N/a
N Scott (appointed 15 January 2004 & resigned 31 May 2004)	N/a	N/a
C R Bryant (appointed 15 January 2004)	11,541	18,820
M Davis (appointed 15 January 2004)	-	-
H Evans (appointed 15 January 2004)	*	*
A D Lyons (appointed 15 January 2004)	-	-
M A Couzens (appointed 9 June 2003)	7,750	3,951
C R Macpherson (appointed 15 January 2004)	-	-
M T Wadelin	18,241	16,555
P N C Gale (appointed 9 June 2003)	76,012	55,468
S Young (appointed 15 January 2004)	-	-
K Lomax (appointed 1 June 2004)	N/a	N/a

*H Evans is a director of the ultimate holding company, Misys Plc and his interests are shown in the financial statements of that company.

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

DIRECTORS' REPORT (CONTINUED)

Interests in Share options

The options held by directors over ordinary 1p shares in Misys plc were as follows:

	2003 (or date of appointment if later)	Granted in year	Exercised in year	Lapsed in year	2004
C R Bryant	263,168	50,000	-	-	313,168
M Davis	70,000	-	-	-	70,000
H Evans	*	*	*	*	*
A D Lyons	-	-	-	-	-
M A Couzens	113,086	62,878	-	-	175,964
C R Macpherson	-	30,000	-	-	30,000
M T Wadelin	160,036	71,810	32,134	2,200	197,512
P N C Gale	226,183	95,912	35,217	-	286,878
S Young	37,772	-	-	-	37,772

50,000 options shown above were granted to both M Couzens and M T Wadelin and 60,000 options were granted to P N C Gale on 23 July 2003 at an option price of 264p under the Misys 2000 Share Option plan. 50,000 and 30,000 options were granted to C Bryant and C Macpherson respectively on 9 March 2004 at an option price of 227p under the same scheme.

6,439 options were granted under both the Misys Annual Award Plan - Deferred award and the Misys Annual Award Plan - Matching award to M Couzens on 23 July 2003 at an option price of 0p

9,248 options were granted under both the Misys Annual Award Plan - Deferred award and the Misys Annual Award Plan - Matching award to M Wadelin on 23 July 2003 at an option price of 0p.

16,571 options were granted under both the Misys Annual Award Plan - Deferred award and the Misys Annual Award Plan - Matching award to P Gale on 23 July 2003 at an option price of 0p.

3,314 and 2,770 options were granted to M Wadelin and P Gale respectively on 19 August 2003 at an option price of 211p under the Misys 2001 Sharesave Scheme.

During the year P Gale exercised 16,666 options with an option price of 205p on 28 August 2003 when the Market Values of a Misys share was 274p. Also, M Wadelin exercised 16,666 options with an option price of 205p on 2 September 2003 when the Market Values of a Misys share was 282p.

P Gale and M Wadelin exercised 1,564 and 516 options on 4 August 2003 and 15 August 2003 respectively with an option price of 0p on when the Market Values of a Misys share were 272.5p and 274p respectively.

M Wadelin exercised 568 options on 11 August with an option price of 0p when the Market Value of a Misys share was 263.75p.

P Gale and M Wadelin exercised 14,312 and 14,384 options respectively with an option price of 0p on 9 October 2003 when the Market Value of a Misys share was 312.25p.

P Gale exercised 2,675 options with an option price of 0p on 19 May 2004 when the Market Value of a Misys share was 200.25p

M Wadelin held 2,200 options under the Misys 1992 SAYE Share Option Scheme which lapsed on 30 September 2003.

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

DIRECTORS' REPORT (CONTINUED)

Interests in Share Plans

The interests held by directors over ordinary 1p shares in Misys plc were as follows:

	2003 (or date of appointment if later)	Granted in year	Exercised in year	Lapsed in year	2004
C R Bryant	614	-	-	-	614
M T Wadelin	1,514	-	1,015	-	499
P N C Gale	1,564	-	1,564	-	-

During the year M Wadelin and P Gale exercised 1,015 and 1,564 awards respectively on 4 August 2003 when the Market Value of a Misys share was 272.5p.

Full details of the Share Option Schemes and Share Plans included above can be found in the Annual Report of the ultimate parent company, Misys plc, which is publicly available.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the next Annual General Meeting.

Approved by the Board of Directors on 27 September 2004 and signed on its behalf by



M T Wadelin
Director

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements in accordance with applicable United Kingdom accounting standards, which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the financial year. In preparing these financial statements, the directors are required to:

- select the most appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate.

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.

The directors confirm that the financial statements comply with the above requirements.

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Sesame Group Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared in accordance with the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 2004 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
Southwark Towers
32 London Bridge Street
London
SE1 9SY
27 September 2004

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

PROFIT AND LOSS ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2004

	Note	2004 £'000	2003 £'000
Administrative Expenses	3	(116,287)	-
Income from shares in group undertakings		109,743	-
Income from participating interests		720	-
OPERATING (LOSS) / PROFIT		(5,824)	-
Profit on disposal of fixed asset investments		-	13,330
(LOSS) / PROFIT BEFORE INTEREST AND TAXATION		(5,824)	13,330
Interest receivable and similar income	4	17	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,807)	13,330
Taxation	5	(5)	-
RETAINED (LOSS) / PROFIT FOR THE YEAR	9	(5,812)	13,330

The results above reflect the continuing activities of the company.

There is no material difference between the loss on ordinary activities before taxation and the retained profit for the period as shown above and their historical cost equivalents.

Remuneration of the auditors and Directors has been borne by a fellow subsidiary as was the case in the prior year. There were no employees in the year (2003: nil).

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2004

	2004 £'000	2003 £'000
(Loss) / Profit for the financial year	(5,812)	13,330
Unrealised Capital contribution	11,695	-
Total recognised gains for the year	5,883	13,330

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

BALANCE SHEET AS AT 31 MAY 2004

	NOTE	2004 £'000	2003 £'000
FIXED ASSET			
Investments in Subsidiary Undertakings	6	391,027	425,894
Investments in Associate Undertakings	6	-	500
Investments in Trade Investments	6	<u>500</u>	<u>-</u>
		391,527	426,394
CURRENT ASSETS			
Cash at bank and in hand		10,585	-
CREDITORS: Amounts falling due within one year			
	7	<u>(322,846)</u>	<u>(413,011)</u>
NET CURRENT LIABILITIES		<u>(312,261)</u>	<u>(413,011)</u>
NET ASSETS		<u>79,266</u>	<u>13,383</u>
CAPITAL AND RESERVES			
Share Capital	8	4,600	283
Share Premium	9	55,683	-
Other Reserve	9	10,052	-
Profit and Loss account	9	<u>8,931</u>	<u>13,100</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS		<u>79,266</u>	<u>13,383</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 27 September 2004 and signed on its behalf by



M T Wadelin
Director

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 MAY 2004

1. STATEMENT OF ACCOUNTING POLICIES

Accounting convention

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

Deferred taxation

Deferred tax is provided using the full provision method following the Company's adoption of FRS 19 "Deferred Tax".

Deferred tax 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.

Investments

Investments are shown at cost less provision considered necessary for any impairment. The requirement for provisions has been assessed by reference to the balance sheet positions of the subsidiary undertakings.

2. DIRECTORS' EMOLUMENTS

The remuneration in the current year payable to A Lyons, the non-executive director of Sesame Group Limited was £15,000 (2003 £nil). No pension contributions were made on behalf of this director. These payments were made by and charged to Sesame Services Limited.

In the previous year remuneration for directors, who were not directors of other group companies, amounted to £24,000 and the pension contributions amounted to £3,000. This was again borne by Sesame Services Limited in the previous year. The remuneration of all other directors in the previous year was borne by other group companies.

3. OPERATING (LOSS) / PROFIT

	2004 £'000	2003 £'000
Operating (loss) / profit is arrived at after charging:		
Provision against fixed asset investments	<u>104,592</u>	<u>-</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £'000	2003 £'000
Bank Interest receivable	<u>17</u>	<u>-</u>

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 MAY 2004
(CONTINUED)**

5. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
UK Corporation tax on (loss) / profit on ordinary activities	5	-

The tax assessed for the period differs from the standard rate of corporation tax based on (loss) / profit before tax for the following reasons:

	2004 £'000	2003 £'000
(Loss) / Profit on ordinary activities before taxation	5,807	13,330
Tax on (loss) / profit on ordinary activities at the standard rate of UK tax of 30%	(1,742)	3,999
<i>Effects of:</i>		
Capital related transactions	-	(3,999)
Non taxable UK dividend income	(33,139)	-
Capital related transaction	34,886	-
Current tax charge for period	5	-

The Company has no recognised or unrecognised deferred tax asset or liability (2003: £nil).

6. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000	Associate Undertakings £'000	Trade Investments £'000	Total £'000
Cost				
At 1 June 2003	425,894	500	-	426,394
Additions	81,420	-	-	81,420
Reclassification	-	(500)	500	-
At 31 May 2004	507,314	-	500	507,814
Provisions for impairment				
At 1 June 2003	-	-	-	-
Charge	(116,287)	-	-	(116,287)
At 31 May 2004	(116,287)	-	-	(116,287)
Net Book Value				
At 31 May 2004	391,027	-	500	391,527
At 31 May 2003	425,894	500	-	426,394

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 MAY 2004 (CONTINUED)

6. FIXED ASSET INVESTMENTS (CONTINUED)

The additions made in the year amounting to £81,420,000 were as a result of the issuing of share capital by Sesame Limited to Sesame Group Limited and entering into a tripartite agreement with Sesame Limited to fund the purchase of the trade and assets of IFA Network Limited. Sesame Learning was also set up during the year with share capital of £2.

As a result of the re-organisation within the Sesame group of companies, the company needed to make a provision against the value of the investments amounting to £116,287,000 in order to reflect the amended carrying value of the investments.

In the prior year the investment in LEBC Group Limited was classified as an associated undertaking. During the year the company has lost influence over the control of these companies and therefore believes that the investment should no longer be classified as an associated undertaking. Therefore it has been reclassified to a trade investment. The company's holding in LEBC Group Limited represents 15% (2003: 30%) of the ordinary share capital and holds 350,000 cumulative redeemable preference shares of £1 each.

The investments in subsidiaries comprise:

	Cost £'000	Provision £'000	NBV £'000
Sesame Limited (formerly Kestrel Limited)	221,576	-	221,576
Sesame Services Limited (formerly Misys IFA Services Limited) *	118,317	(1,643)	116,674
Assureweb Limited	15,000	-	15,000
Hollybank Properties Limited	900	-	900
Misys Investment Services Limited	500	-	500
Misys IFA Desktop Solutions Limited	2,457	-	2,457
DBS Management Limited	148,564	(114,644)	33,920
Sesame Learning Limited	-	-	-
	<u>507,314</u>	<u>(116,287)</u>	<u>391,027</u>

All shareholdings represent 100% of the share capital of the subsidiaries, with the exception of Assureweb Limited and Sesame Services Limited. The company owns 60% of the share capital of Assureweb Limited and owns 100% of the 'B' ordinary shares in Sesame Services Limited. This amounts to 99% of the overall share capital of that company. The rights and entitlements attaching to the 'B' ordinary shares are detailed in the financial statements of Sesame Services Limited.

All investments are in companies incorporated in Great Britain and registered in England and Wales. The Company has taken advantage of Section 228 of the Companies Act 1985 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of Misys plc, which prepares consolidated financial statements which are publicly available.

7. CREDITORS

	2004 £'000	2003 £'000
Amounts falling due within one year		
Corporation tax	5	-
Amounts owed to group undertakings	<u>322,841</u>	<u>413,011</u>
	<u>322,846</u>	<u>413,011</u>

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 MAY 2004
(CONTINUED)**

8. SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised		
250,000,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted and fully paid		
4,600,000 (2003: 283,176) Ordinary shares of £1 each	<u>4,600</u>	<u>283</u>

During the year 4,316,824 Ordinary shares of £1 were issued for a consideration of £13.89911 per share giving rise to share premium of £55,683,176.

9. COMBINED RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT IN RESERVES

	Other Reserve £'000	Share Capital £'000	Share premium £'000	Profit and Loss Account £'000	2004 Total £'000	2003 Total £'000
As at 1 June 2003	-	283	-	13,100	13,383	53
New shares issued in the year	-	4,317	55,683	-	60,000	-
(Loss) / profit for the financial year	-	-	-	(5,812)	(5,812)	13,330
Unrealised Capital contribution	11,695	-	-	-	11,695	-
Other movements	(1,643)	-	-	1,643	-	-
As at 31 May 2004	<u>10,052</u>	<u>4,600</u>	<u>55,683</u>	<u>8,931</u>	<u>79,266</u>	<u>13,383</u>

As part of the group restructuring Misys Plc forgave an intercompany loan amount with Sesame Group which amounted to £11,695,000. This has been treated as an unrealised capital contribution. A reserves transfer between the other reserve and the profit and loss account has also been effected as a result of the impairment in the company's investment in Sesame Services Limited (formerly Misys IFA Services Limited), to which the reserve relates. This treatment is permitted by TECH 7/03 Para 16.

SESAME GROUP LIMITED (FORMERLY FINANCIAL OPTIONS GROUP LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 MAY 2004
(CONTINUED)**

10. ULTIMATE PARENT COMPANY AND GROUP TRANSACTIONS

The Company's ultimate and immediate parent company is Misys plc, a company registered in England. Misys plc is the parent undertaking of the largest and smallest group for which group financial statements are drawn up. 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 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.

The Company is a wholly owned subsidiary of Misys group and its results are included in the consolidated financial statements of Misys plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing the cash flow statement under the terms of FRS 1 (Revised 1996).