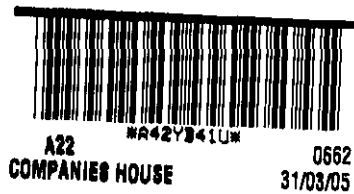


**Company Registration Number 2801072**

**THE FRUSTUM GROUP (EUROPE) LIMITED**

**Annual Report**

**for the year ending 31 May 2004**



# THE FRUSTUM GROUP (EUROPE) LIMITED

## DIRECTORS' REPORT

---

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

### 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

For the year ended 31 May 2004 the Company recorded an operating profit of £274,000 compared to a prior year operating profit of £229,000. 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 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 year (2003: £nil). Profits of £274,000 (2003: profits of £229,000) have been transferred to reserves.

### 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 as follows

	2004	2003
A H Darby (appointed 28 May 2004)	380	380
A I White (appointed 28 May 2004)	-	-
R K Graham (resigned 28 May 2004)	-	-
J G Sussens (resigned 28 May 2004)	-	-

#### 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 AJ White, in the Annual Report of Misys International Banking Systems Limited and in the case of RK Graham and JG Sussens in the Annual Report of Misys plc.

## THE FRUSTUM GROUP (EUROPE) LIMITED

### DIRECTORS' REPORT

---

#### 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 15 Feb 2005 and signed on its behalf by:



A H Darby  
Director

## THE FRUSTUM GROUP (EUROPE) LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

---

Company law requires the directors to prepare financial statements for each financial year which give a true a 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 2004 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 15 Feb 2005 and signed on its behalf by:



A H Darby  
Director

**AUDITORS' REPORT TO THE MEMBERS OF  
THE FRUSTUM GROUP (EUROPE) LIMITED**

---

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.

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 director's report.

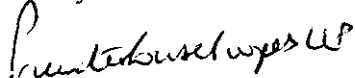
**Basis of audit opinion**

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 profit 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

15 Feb 2005

**THE FRUSTUM GROUP (EUROPE) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**Year ended 31 May 2004**

---

	Note	2004 £'000	2003 £'000
<b>TURNOVER</b>		-	-
Cost of sales		(835)	(1,175)
<b>GROSS PROFIT</b>		<u>(835)</u>	<u>(1,175)</u>
Administrative expenses		(191)	(800)
Other operating income		<u>1,300</u>	<u>2,204</u>
<b>OPERATING PROFIT</b>	2	274	229
Interest receivable	5	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		274	229
Tax on profit on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	<u><u>274</u></u>	<u><u>229</u></u>

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.

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

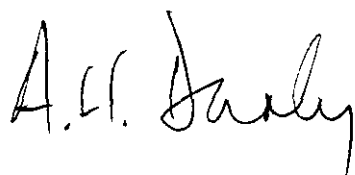
**THE FRUSTUM GROUP (EUROPE) LIMITED**

**BALANCE SHEET**

**31 May 2004**

	Note	2004		2003	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7		15		38
<b>CURRENT ASSETS</b>					
Debtors	8	-		96	
Cash at bank and in hand		-		-	
		<u>-</u>		<u>96</u>	
<b>CREDITORS :</b>					
Amounts falling due within one year	9	<u>(60)</u>		<u>(60)</u>	
<b>NET CURRENT ASSETS</b>			<u>(60)</u>		<u>36</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(45)		74
<b>CREDITORS :</b>					
Amounts falling due after one year					
Amounts due to group undertakings	10		(1,974)		(2,367)
			<u>(2,019)</u>		<u>(2,293)</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	12		-		-
Profit and loss account	13		(2,019)		(2,293)
<b>EQUITY SHAREHOLDER'S DEFICIT</b>	14		<u>(2,019)</u>		<u>(2,293)</u>

Approved by the Board of Directors on 15 Feb 2005 and signed on its behalf by



A H DARBY, Director

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

**Year ended 31 May 2004**

---

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies, which have been applied using policies consistent with those applied in the year to 31 May 2003, are set out below.

**Fundamental Accounting Concept**

The financial statements have been prepared on a going concern basis on the assumption that the parent company, Misys plc, will continue to provide adequate financial support for at least one year.

**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**

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.

**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.

**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.

**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.

**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**

**Year ended 31 May 2004**

**2. OPERATING PROFIT**

	2004	2003
	£'000	£'000
Operating profit is arrived at after charging:		
Depreciation of owned assets	23	38
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.

**3. EMPLOYEES**

	2004	2003
	Number	Number
The average number employed by the Company was as follows:		
Consulting staff	14	16
Sales staff	1	6
Administrative and management staff	<u>-</u>	<u>2</u>
	<u>15</u>	<u>24</u>

	2004	2003
	£'000	£'000
Employee costs during the period amounted to:		
Wages and salaries	728	1,435
Social security costs	84	133
Other pension costs	<u>43</u>	<u>85</u>
	<u>855</u>	<u>1,653</u>

**4. 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**

Year ended 31 May 2004

**5. INTEREST RECEIVABLE**

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

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

	2004 £'000	2003 £'000
Corporation tax charge at 30% (2003 : 30%)	<u>-</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:

Profit on ordinary activities before tax	<u>274</u>	<u>229</u>
Tax at standard rate of UK corporation tax of 30%	82	69
<i>Effects of:</i>		
Non provided timing differences	8	(75)
Capital related transactions	14	1
Benefit of losses brought forward	(104)	-
Non deductible expenditure	-	2
Other adjustments	-	3
	<u>-</u>	<u>-</u>

**7. TANGIBLE FIXED ASSETS**

	<b>Furniture, fittings and equipment £'000</b>
<b>Cost</b>	
At 1 June 2003	297
Additions	-
Disposal	-
At 31 May 2004	<u>297</u>
<b>Accumulated depreciation</b>	
At 1 June 2003	259
Charge for the year	23
Disposal	-
At 31 May 2004	<u>282</u>
<b>Net book amount</b>	
At 31 May 2004	<u>15</u>
At 31 May 2003	<u>38</u>

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

Year ended 31 May 2004

**8. DEBTORS**

	2004	2003
	£'000	£'000
Corporation tax	-	96
	-	96
	-	96

**9. CREDITORS**

	2004	2003
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other creditors	57	57
Accruals and deferred income	3	3
	60	60
	60	60

**10. CREDITORS**

	2004	2003
	£'000	£'000
<b>Amounts falling due after one year</b>		
Amounts due to group undertakings	1,974	2,367
	1,974	2,367
	1,974	2,367

**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.

	2004	2003
	£'000	£'000
The unrecognised assets are as follows:		
Accelerated capital allowances	50	30
Other timing differences	1	1
Losses	448	561
	499	592
Unprovided deferred tax assets	499	592

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

Year ended 31 May 2004

**12. SHARE CAPITAL**

	2004	2003
	£	£
<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. PROFIT AND LOSS ACCOUNT**

	£'000
(Deficit) at 1 June 2003	(2,293)
Profit for the financial year	274
(Deficit) at 31 May 2004	<u>(2,019)</u>

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

	2004	2003
	£'000	£'000
Profit for the financial year	274	229
Opening shareholder's deficit	(2,293)	(2,522)
Closing shareholder's deficit	<u>(2,019)</u>	<u>(2,293)</u>

**15. 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 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.