

**REGISTRAR OF
COMPANIES**

197270

**Temenos UK Limited
(formerly Temenos Systems (UK)
Limited)**

Report and Financial Statements

Year Ended

30 June 2000



BDO
BDO Stoy Hayward
Chartered Accountants

TEMENOS UK LIMITED

Annual report and financial statements for the year ended 30 June 2000

Contents

Directors

Page:

1	Report of the directors
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Notes forming part of the financial statements

Directors

A Andreades
J Koukis
K Goodall

Secretary and registered office

K Goodall, Westminster Tower, 3 Albert Embankment, London, SE1 7SP.

Company number

1972767

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

TEMENOS UK LIMITED

Report of the directors for the year ended 30 June 2000

The directors present their report together with the audited financial statements for the year ended 30 June 2000. The company has changed its name from Temenos Systems (UK) Limited to Temenos UK Limited from 28 September 2000.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend payment of a dividend (1999 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company is the provision of software implementation support services to Temenos clients in the United Kingdom and overseas as well as the provision of software development and marketing support services to other Temenos Group companies.

The directors are satisfied with the result for the year and view the future with cautious optimism.

Directors

The directors of the company during the year were:

G Koukis	(resigned 11 January 2001)
L P Rutherford	(resigned 10 January 2001)
M S M Fung	(resigned 10 January 2001)
A Andreades	(appointed 10 January 2001)
J Koukis	(appointed 10 January 2001)
K Goodall	(appointed 10 January 2001)

No director had any beneficial interest in the shares of the company as defined by the Companies Act 1985.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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.

TEMENOS UK LIMITED

Report of the directors for the year ended 30 June 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board


K Goodall

Secretary

Date 6 April 2001

TEMENOS UK LIMITED

Report of the auditors

To the shareholders of TEMENOS UK LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

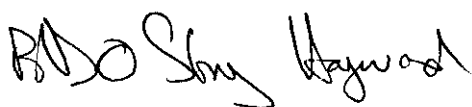
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
London*

6 April 2001

TEMENOS UK LIMITED**Profit and loss account for the year ended 30 June 2000**

	Note	2000 £'000	1999 £'000
Turnover	2	15,151	10,193
Administrative expenses		(13,934)	(9,480)
Operating profit	3	1,217	713
Other interest receivable and similar income	4	21	11
Interest payable and similar charges	5	(23)	(19)
Profit on ordinary activities before taxation		1,215	705
Taxation on profit on ordinary activities	7	(300)	-
Profit on ordinary activities after taxation	13	915	705

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 12 form part of these financial statements.

TEMENOS UK LIMITED

Balance sheet at 30 June 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	1,411	771
Current assets			
Debtors	9	5,546	4,378
Cash at bank and in hand		108	376
		<u>5,654</u>	<u>4,754</u>
Creditors: amounts falling due within one year	10	<u>(4,409)</u>	<u>(3,786)</u>
Net current assets		<u>1,245</u>	<u>968</u>
Total assets less current liabilities		<u>2,656</u>	<u>1,739</u>
Creditors: amounts falling due after more than one year	11	<u>(54)</u>	<u>(52)</u>
		<u>2,602</u>	<u>1,687</u>
Capital and reserves			
Called up share capital	12	2,199	2,199
Share premium account	13	816	816
Profit and loss account	13	(413)	(1,328)
Shareholders' funds – equity		<u>2,602</u>	<u>1,687</u>

The financial statements were approved by the Board on 6 April 2001



K Goodall
Director

The notes on pages 6 to 12 form part of these financial statements.

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following annual rates:

Leasehold improvements	- Over the period of the lease
Computer equipment	- 33 1/3% on cost
Fixtures, fittings and equipment	- 10-20% on cost
Motor vehicles	- 25% on cost

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in respect of the company's defined contribution scheme.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future. At the balance date there was no potential liability for deferred tax.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

1 Accounting policies (Continued)

Comparative restatement

The comparatives have been restated in respect of the disclosure of costs amounting to £198,000, now being disclosed as part of administrative expenses, previously included in cost of sales. The directors believe this gives a more appropriate description of the expenditure.

2 Turnover

	2000 £'000	1999 £'000
Geographical market		
United Kingdom	1,408	1,438
Europe	3,112	1,594
Africa	18	58
Middle East	207	1
Far East	12	69
The Americas	10,394	7,033
	<u>15,151</u>	<u>10,193</u>

3 Operating profit

	2000 £'000	1999 £'000
This has been arrived at after charging/(crediting):		
Depreciation	339	183
Profit on disposal of fixed assets	(12)	-
Other operating lease rentals	300	228
Auditors' remuneration	20	17
Loss on foreign currency	63	137
	<u>710</u>	<u>565</u>

Depreciation includes £61,000 (1999 - £60,000) charged on assets held under finance leases and hire purchase contracts.

4 Other interest receivable and similar income

	2000 £'000	1999 £'000
Bank interest	21	11
	<u>21</u>	<u>11</u>

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

5 Interest payable and similar charges

	2000	1999
	£'000	£'000
On bank loans and overdrafts	-	1
Finance lease charges	15	18
On loans from group undertakings	8	-
	<u>23</u>	<u>19</u>

6 Employees

	2000	1999
	£'000	£'000
Staff costs consist of:		
Wages and salaries	5,522	3,650
Social security costs	596	403
Other pension costs	386	255
	<u>6,504</u>	<u>4,308</u>

The average monthly number of employees, including directors, during the year was:

	Number	Number
Sales, management and development	127	87

No emoluments were paid to the directors.

7 Taxation on profit on ordinary activities

	2000	1999
	£'000	£'000
UK corporation tax in respect of current year	300	-

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (*Continued*)

8 Tangible assets

	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>					
At 1 July 1999	267	953	164	42	1,426
Additions	151	558	234	75	1,018
Disposals	-	(150)	-	(42)	(192)
At 30 June 2000	418	1,361	398	75	2,252
<i>Depreciation</i>					
At 1 July 1999	33	567	34	21	655
Charge for the year	30	267	28	14	339
On disposals	-	(126)	-	(27)	(153)
At 30 June 2000	63	708	62	8	841
<i>Net book value</i>					
At 30 June 2000	355	653	336	67	1,411
At 30 June 1999	234	386	130	21	771

The net book value of tangible fixed assets includes an amount of £111,000 (1999 - £118,000) in respect of assets held under finance leases and hire purchase contracts.

9 Debtors

	2000 £'000	1999 £'000
Trade debtors	1,968	781
Amounts owed by parent and fellow subsidiary undertakings	-	2,938
Other debtors	255	96
Prepayments and accrued income	3,323	563
	5,546	4,378

Included in other debtors is £35,000 (1999 - £35,000) which is expected to fall due after more than one year.

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

10 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Obligations under finance lease and hire purchase contracts (secured)	43	65
Trade creditors	689	452
Amounts owed to parent and fellow subsidiary undertakings	2,441	2,527
Taxation and social security	522	132
Other creditors	55	26
Accruals and deferred income	659	584
	<u>4,409</u>	<u>3,786</u>

Obligations under finance lease and hire purchase contracts are secured on the respective assets financed.

11 Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under finance leases and hire purchase agreements (secured)	54	52
	<u>54</u>	<u>52</u>
Obligations under finance leases are due as follows:		
Within one year	51	77
After one but not more than five years	60	55
	<u>111</u>	<u>132</u>
Finance charges and interest allocated to future accounting periods	(14)	(15)
	<u>97</u>	<u>117</u>
Included in liabilities falling due within one year	(43)	(65)
	<u>54</u>	<u>52</u>

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (*Continued*)

12 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
12,500,000 ordinary shares of 20p each	2,500	2,500
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
10,994,218 ordinary shares of 20p each	2,199	2,199
	<u> </u>	<u> </u>

13 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 July 1999	816	(1,328)
Profit for the year	-	915
	<u> </u>	<u> </u>
At 30 June 2000	816	(413)
	<u> </u>	<u> </u>

14 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	915	705
Opening shareholders' funds	1,687	982
	<u> </u>	<u> </u>
Closing shareholders' funds	2,602	1,687
	<u> </u>	<u> </u>

TEMENOS UK LIMITED

Notes forming part of the financial statements for the year ended 30 June 2000 (Continued)

15 Commitments under operating leases

As at 30 June 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £'000	1999 £'000	2000 £'000	1999 Other £'000
Operating leases which expire:				
In two to five years	-	-	41	-
Over five years	521	220	-	-
	<u>521</u>	<u>220</u>	<u>41</u>	<u>-</u>

16 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £54,000 (1999 - £26,000) were payable to the fund at the year end and are included in creditors.

17 Control

The ultimate parent company is Temenos Holdings, NV., a company registered in the Netherlands Antilles, which is the parent of both the largest and smallest groups of which the company is a member.

18 Related party transactions

Copies of the Annual Report of the Temenos Group are available from Temenos Systems Headquarters SA, 18 Place des Philosophes, 1205 Geneva, Switzerland and accordingly advantage has been taken of the exemption from disclosing cashflow statements, transactions and balances with other group companies as permitted by Financial Reporting Standards Numbers 1 and 8 respectively.