

TRANSACTION SYSTEMS ARCHITECTS, INC.
FORM 8-K (A)

Transaction Systems Architects, Inc. (TSA or the Company) hereby amends Item 7 of its Form 8-K filed to report an event occurring on June 3, 1996 to include the following:

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial statements of businesses acquired

The following financial statements of TXN Solution Integrators are filed with this report:

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Statements of Income for the year ended September 30, 1995 and the six months ended March 31, 1996	6
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(b) Pro forma financial information

The following unaudited pro forma combined financial statements are filed with this report:

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Year ended September 30, 1995	13
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The unaudited pro forma combined statements of operations for the year ended September 30, 1995 and for the six months ended March 31, 1996 give effect to the Company's acquisition of substantially all of the net assets of TXN Solution Integrators ("TXN", and such acquisition, the "TXN acquisition") as if it occurred on October 1, 1994 using the purchase method of accounting. The unaudited pro forma combined balance sheet as of March 31, 1996 gives effect to the TXN acquisition as if it occurred on March 31, 1996. The unaudited pro forma combined financial statements presented herein are shown for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the Company, or of the

financial position or results of operations of the Company that would have actually occurred had the transaction been in effect as of the date or for the periods presented.

The unaudited pro forma combined financial statements and related notes should be read in conjunction with the historical financial statements and related notes of the Company and TXN.

(c) Exhibits

The exhibits filed as part of the Form 8-K(A) are:

23.01 Consent of Ernst and Young

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 15, 1996

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Registrant)

\s\ Gregory J. Duman

Gregory J. Duman
Chief Financial Officer
(Principal Financial Officer)

AUDITORS' REPORT

To the Partners of
TXN Solution Integrators

We have audited the balance sheet of TXN Solution Integrators (A Partnership) as at September 30, 1995 and the statements of income, partners' capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Partnership. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Partnership, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at September 30, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young
Chartered Accountants

Thornhill, Canada
October 12, 1995

TXN Solution Integrators
(A Partnership)
Balance Sheets
(in Canadian Dollars)

	March 31, 1996	September 30, 1995
	----- (unaudited)	-----
ASSETS		
Current assets:		
Cash	\$ 2,124,844	\$ 1,489,607
Accounts receivable	1,644,386	2,131,870
Prepaid expenses and other	294,547	148,331
Due from partners	1,552,525	2,078,086
	-----	-----
Total current assets	5,616,302	5,847,894
Fixed assets, net	1,917,876	2,148,818
	-----	-----
Total assets	\$ 7,534,178	\$ 7,996,712
	-----	-----
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	\$ 1,334,676	\$ 1,731,792
Accrued liabilities	329,918	797,295
Due to partners	33,442	486,102
Provision for lease termination	398,204	493,204
Deferred revenue	630,174	596,285
	-----	-----
Total current liabilities	2,726,414	4,104,678
Partners' capital	4,807,764	3,892,034
	-----	-----
Total liabilities and partners' capital	\$ 7,534,178	\$ 7,996,712
	-----	-----

See accompanying notes

TXN Solution Integrators
(A Partnership)
Statements of Income
(in Canadian Dollars)

	Six Months Ended March 31, 1996	Year Ended September 30, 1995
	----- (unaudited)	-----
Revenues:		
Software license fees	\$ 1,468,368	\$ 3,047,823
Maintenance fees	2,462,466	4,906,502
Services	3,823,475	6,043,485
Hardware, net	38,554	1,435,511
	-----	-----
Total revenues	7,792,863	15,433,321
	-----	-----
Expenses:		
Salaries, wages and employee benefits	3,768,057	6,553,995
License fees	1,254,151	3,139,842
Contractor costs	417,222	1,132,112
Rent, occupancy and other leasing costs	379,600	750,428
Depreciation and amortization	312,518	591,433
Office and other operating costs	204,171	675,293
Travel and entertainment	158,554	307,477
Education and training	113,781	110,437
Computer maintenance	361,379	116,758
Professional fees	10,616	64,222
	-----	-----
Total expenses	6,980,049	13,441,997
	-----	-----
Operating income	812,814	1,991,324
Foreign exchange gain	22,195	19,469
Interest income	82,908	136,800
Interest expense	(2,187)	(54,875)
	-----	-----
Net income	\$ 915,730	\$ 2,092,718
	-----	-----

See accompanying notes

TXN Solution Integrators
(A Partnership)
Statements of Partners' Capital
(in Canadian Dollars)

	ACI Canada EFTS Limited	Tandem Computers Canada Limited	SJH Holdings, Inc.	MPR Holdings, Inc.	Total
Partners capital, October 1, 1994	\$ 928,314	\$ 928,314	\$ (28,656)	\$ (28,656)	\$ 1,799,316
Reorganization adjustment		(57,312)	28,656	28,656	0
Net income for the year	696,875	1,395,843			2,092,718
Partners capital, September 30, 1995	1,625,189	2,266,845	0	0	3,892,034
Net income for the period (unaudited)	304,938	610,792			915,730
Partners capital, March 31, 1996 (unaudited)	\$ 1,930,127	\$ 2,877,637	\$ 0	\$ 0	\$ 4,807,764

See accompanying notes

TXN Solution Integrators
(A Partnership)
Statements of Changes in Financial Position
(in Canadian Dollars)

	Six months ended March 31, 1996	Year ended September 30, 1995
	----- (unaudited)	-----
Operating activities:		
Net income for the period	\$ 915,730	\$ 2,092,718
Add items not involving a current outflow of cash		
Depreciation and amortization	312,518	591,433
Loss on sale of fixed assets		657
	-----	-----
	1,228,248	2,684,808
Net change in non-cash working capital balances related to operations	(438,534)	954,384
	-----	-----
Cash provided by operating activities	789,714	3,639,192
	-----	-----
Investing activities:		
Purchases of fixed assets, net	(81,576)	(752,272)
Proceeds from long-term receivable		933,817
	-----	-----
Cash provided by (used in) investing activities	(81,576)	181,545
	-----	-----
Financing activities:		
Advances to partners	(72,901)	(2,691,914)
	-----	-----
Cash used in financing activities	(72,901)	(2,691,914)
	-----	-----
Net increase in cash during the period	635,237	1,128,823
Cash, beginning of period	1,489,607	360,784
	-----	-----
Cash, end of period	\$ 2,124,844	\$ 1,489,607
	-----	-----

See accompanying notes

TXN SOLUTION INTEGRATORS
(A PARTNERSHIP)
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

The Partnership is registered under the laws of the Province of Ontario as ACI Canada EFTS and operates as TXN Solution Integrators. The Partnership distributes and supports computer software, acts as a solution integrator and provides facility management services.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements present the accounts of the Partnership only and consequently do not include all the assets, liabilities, revenues and expenses of the individual partners.

All amounts presented are in Canadian dollars.

There are no significant differences between Canadian generally accepted accounting principles and U.S. generally accepted accounting principles as they relate to the Partnership.

FIXED ASSETS

Fixed assets are recorded at cost. The Partnership provides for depreciation and amortization at rates which are expected to amortize the cost of the fixed assets over their estimated useful lives as follows:

Computer equipment	30% declining balance
Furniture and equipment	20% declining balance
Software	30% declining balance
Leasehold improvements	Straight-line over remaining term of lease

INCOME TAXES

No provision for income taxes is recorded in the accompanying financial statements as the results of operations of the Partnership are included in the partners' income for income tax purposes.

REVENUE RECOGNITION

Revenue is recognized only on the following basis:

Facilities management	on a monthly basis as earned
Maintenance	on a monthly basis as earned
Product license fees	when production version of software is shipped or installed
Professional service fees	on a percentage-of-completion basis

3. FIXED ASSETS

At September 30, 1995, fixed assets consist of the following:

	Cost	Accumulated depreciation/ amortization	Net book value
	----	-----	-----
Computer equipment	\$2,888,596	\$1,597,029	\$1,291,567
Furniture and equipment	632,047	340,377	291,670
Software	268,306	136,449	131,857
Leasehold improvements	675,872	242,148	433,724
	-----	-----	-----
	\$4,464,821	\$2,316,003	\$2,148,818
	-----	-----	-----
	-----	-----	-----

4. PARTNERSHIP INTERESTS

Each of the partners shares in the profits and losses of the Partnership on the following basis:

Tandem Computers Canada Limited	66.7%
ACI Canada EFTS Limited	33.3%

Tandem Computers Canada Limited (Tandem) is ultimately owned 100% by Tandem Computers Incorporated. ACI Canada EFTS Limited is 100% owned by Tandem Computers Incorporated.

In April 1995, Tandem purchased SJH Holdings Inc. and MPR Holdings Inc.

The partners' interest is as shown in the statement of partners' capital.

5. RELATED PARTY TRANSACTIONS

Due from partners as of September 30, 1995:

Advance to Tandem, bearing interest at the prevailing market rates and due on demand	\$1,431,690
Trade receivable due from Tandem	646,396

	\$2,078,086

Due to partners as of September 30, 1995:

Trade payable due to Tandem	\$ 135,285
Operating loan from Tandem Computers Incorporated, bearing interest at 10% per annum, repayable in United States dollars and due on demand	350,817

	\$ 486,102

During the year, the Partnership entered into transactions with its partners as follows:

Revenue from Tandem	\$2,127,741
Purchases from Tandem	\$ 947,131
Interest paid to Tandem Computers Incorporated	\$ 52,206
Interest paid to Tandem	\$ 2,010
Interest received from Tandem	\$ 43,982

Effective December 31, 1993, Tandem Computers Incorporated sold its interest in Applied Communications, Inc. (ACI) to Transaction Systems Architects, Inc. with the exception of ACI Canada EFTS Limited which is still owned by Tandem Computers Incorporated.

The distribution agreement between the Partnership and ACI was extended until December 31, 1997.

6. LEASE COMMITMENTS

The Partnership leases office space and equipment under operating leases. Future minimum payments, by year and in the aggregate, consist of the following as of September 30, 1995:

1996	\$ 475,640
1997	457,660
1998	382,840
1999	321,955
2000	321,955
Thereafter	456,120

	\$2,416,170

7. CONTINGENCIES

In the ordinary course of business activities, the Partnership may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Partnership.

TRANSACTION SYSTEMS ARCHITECTS, INC.
PRO FORMA COMBINED BALANCE SHEET
MARCH 31, 1996
(UNAUDITED, IN THOUSANDS AND U.S. DOLLARS)

	TSA Historical	TXN Historical	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 28,874	\$ 1,563	\$ (1,563) (a)	\$ 25,358
Receivables, net	41,096	2,352	(3,516) (c)	42,063
Other	3,766	217	(1,143) (a)	3,983
			(243) (b)	
Total current assets	73,736	4,132	(6,464)	71,404
Property and equipment, net	10,879	1,330	(296) (a)	11,913
Software, net	5,345	81	368 (c)	5,794
Intangible assets, net	5,029		1,988 (c)	7,017
Installment receivables	657			657
Investment and notes receivable	7,500			7,500
Other	2,524			2,524
Total assets	\$ 105,670	\$ 5,543	\$ (4,404)	\$ 106,809
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	\$ 730	\$	\$	\$ 730
Current portion of capital lease obligations	392			392
Accounts payable	6,000	159	(25) (a)	6,038
			(96) (b)	
Accrued employee compensation	3,515	285		3,800
Accrued liabilities	6,488	1,099	(599) (a)	6,841
			(147) (b)	
Income taxes	2,501			2,501
Deferred revenue	18,387	463		18,850
Total current liabilities	38,013	2,006	(867)	39,152
Long-term debt	1,419			1,419
Capital lease obligations	146			146
Total liabilities	39,578	2,006	(867)	40,717
Stockholders' equity:				
Class A Common Stock	112			112
Class B Common Stock	15			15
Additional paid-in capital	93,089			93,089
Partners' capital		3,537	(3,537) (c)	0
Accumulated translation adjustments	(350)			(350)
Accumulated deficit	(26,762)			(26,762)
Treasury stock, at cost	(12)			(12)
Total stockholders' equity	66,092	3,537	(3,537)	66,092
Total liabilities and stockholders' equity	\$ 105,670	\$ 5,543	\$ (4,404)	\$ 106,809

See notes to pro forma combined financial statements

TRANSACTION SYSTEMS ARCHITECTS, INC.
PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 1995
(UNAUDITED, IN THOUSANDS, EXCEPT PER SHARE AMOUNTS, AND IN U.S. DOLLARS)

	TSA Historical	TXN Historical	Pro Forma Adjustments	Pro Forma Combined
	-----	-----	-----	-----
Revenues:				
Software license fees	\$ 57,758	\$ 2,219	\$ (1,446) (d)	\$ 58,531
Maintenance fees	29,109	3,573	(741) (d)	31,941
Services	23,467	4,401	(178) (d)	27,690
Hardware, net	4,554	1,046	(11) (d)	5,589
Total revenues	----- 114,888	----- 11,239	----- (2,376)	----- 123,751
Expenses:				
Cost of software license fees:				
Software costs	12,827	1,472	(1,457) (d)	12,842
Amortization of purchased software	3,165		123 (e)	3,288
Purchased contracts in progress	2,956			2,956
Cost of maintenance and services	26,863	6,386	(66) (f)	32,264
Research and development	12,323		(919) (d)	12,323
Selling and marketing	29,089	1,148	(3) (f)	30,234
General and administrative:				
General and administrative costs	17,898	783	(4) (f)	18,677
Amortization of goodwill and purchased intangibles	344		228 (g)	572
Total expenses	----- 105,465	----- 9,789	----- (2,098)	----- 113,156
Operating income (loss)	----- 9,423	----- 1,450	----- (278)	----- 10,595
Other income (expense):				
Interest income	1,075	100	(190) (h)	985
Interest expense	(1,707)	(40)		(1,747)
Other	12	15		27
Total other	----- (620)	----- 75	----- (190)	----- (735)
Income (loss) before income taxes	8,803	1,525	(468)	9,860
Provision for income taxes	(2,253)		(423) (i)	(2,676)
Income (loss) before extraordinary loss	----- 6,550	----- 1,525	----- (891)	----- 7,184
Extraordinary loss	(2,750)			(2,750)
Net income (loss)	----- \$ 3,800	----- \$ 1,525	----- \$ (891)	----- \$ 4,434
Net income (loss) per common and equivalent share:				
Before extraordinary loss	\$ 0.29			\$ 0.31
Extraordinary loss	(0.12)			(0.12)
Net income	----- \$ 0.17			----- \$ 0.19
Weighted average shares outstanding	----- 22,871			----- 22,871

See notes to pro forma combined financial statements

TRANSACTION SYSTEMS ARCHITECTS, INC.
PRO FORMA COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED MARCH 31, 1996
(UNAUDITED, IN THOUSANDS, EXCEPT PER SHARE AMOUNTS, AND IN U.S. DOLLARS)

	TSA Historical	TXN Historical	Pro Forma Adjustments	Pro Forma Combined
	-----	-----	-----	-----
Revenues:				
Software license fees	\$ 35,761	\$ 1,080	\$ (708) (d)	\$ 36,133
Maintenance fees	16,764	1,812	(392) (d)	18,184
Services	15,735	2,813	(99) (d)	18,449
Hardware, net	2,302	28	(4) (d)	2,326
	-----	-----	-----	-----
Total revenues	70,562	5,733	(1,203)	75,092
	-----	-----	-----	-----
Expenses:				
Cost of software license fees:				
Software costs	8,431	708	(712) (d)	8,427
Amortization of purchased software	1,573		61 (e)	1,634
Cost of maintenance and services	17,087	3,516	(46) (f)	20,066
			(491) (d)	
Research and development	7,377			7,377
Selling and marketing	15,659	483	(2) (f)	16,140
General and administrative:				
General and administrative costs	11,374	428	(3) (f)	11,799
Amortization of goodwill and purchased intangibles	295		114 (g)	409
	-----	-----	-----	-----
Total expenses	61,796	5,135	(1,079)	65,852
	-----	-----	-----	-----
Operating income (loss)	8,766	598	(124)	9,240
	-----	-----	-----	-----
Other income (expense):				
Interest income	1,136	61	(95) (h)	1,102
Interest expense	(106)	(2)		(108)
Other	(81)	17		(64)
	-----	-----	-----	-----
Total other	949	76	(95)	930
	-----	-----	-----	-----
Income (loss) before income taxes	9,715	674	(219)	10,170
Provision for income taxes	(3,836)		(182) (i)	(4,018)
	-----	-----	-----	-----
Net income (loss)	\$ 5,879	\$ 674	\$ (401)	\$ 6,152
	-----	-----	-----	-----
Net income per common and equivalent share	\$ 0.22			\$ 0.23
	-----	-----	-----	-----
Weighted average shares outstanding	26,586			26,586
	-----	-----	-----	-----

See notes to combined pro forma financial statements

Transaction Systems Architects, Inc.
Notes to Pro Forma Combined Financial Statements

Note 1. On June 7, 1996, the Company's Board of Directors authorized a two-for-one stock split effected in the form of a 100% stock dividend to be distributed on July 1, 1996 to shareholders of record on June 17, 1996. Stockholders' equity has been restated to give retroactive recognition to the stock split by reclassifying from additional paid-in capital to common stock the par value of the additional shares arising from the split. In addition, all references in the financial statements to number of shares and per share amounts have been restated.

Note 2. The unaudited pro forma combined balance sheet reflects the following adjustments:

- (a) Adjustment to eliminate the TXN assets and liabilities retained by Tandem Computers Incorporated.
- (b) Adjustment to eliminate the accounts receivable and accounts payable existing between TSA and TXN.
- (c) Adjustment to record the payment of the purchase price and the excess purchase price over net assets acquired.

Note 3. The unaudited pro forma combined statements of operations reflect the following adjustments:

- (d) Adjustment to eliminate royalties paid by TXN to TSA.
- (e) Adjustment to reflect additional amortization of purchased software.
- (f) Adjustment to reflect reduction in depreciation expense related to assets not acquired by TSA.
- (g) Adjustment to reflect amortization of goodwill.
- (h) Adjustment to eliminate interest earned on cash used to pay purchase price.
- (i) Adjustment to increase provision for income taxes arising from inclusion of the results of TXN's operations.

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----	PAGE -----
23.01	Consent of Ernst & Young	17

CONSENT OF ERNST & YOUNG, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-2592) pertaining to the 1996 Stock Option Plan of Transaction Systems Architects, Inc., the Registration Statement (Form S-8 No. 333-2594) pertaining to the 1996 Employee Stock Purchase Plan of Transaction Systems Architects, Inc. and the Registration Statement (Form S-8 No 33-93900) pertaining to the 1994 Stock Option Plan of Transaction Systems Architects, Inc. with respect to the financial statements of TXN Solution Integrators (A Partnership) for the year ended September 30, 1995 included in this Form 8-K(A) of Transaction Systems Architects, Inc.

Ernst & Young
Chartered Accountants

Thornhill, Canada
July 12, 1996