

Elan Telecommunications Limited
(formerly Ambridge Consulting Limited)

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2000



Company Number: 3150270

Elan Telecommunications Limited

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31 December 2000

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Elan Telecommunications Limited

DIRECTORS AND PROFESSIONAL ADVISERS

31 December 2000

DIRECTORS

Matthew P Rigden	(resigned 17 October 2000)
Geoffrey I Edwards	(appointed 18 January 2000 and resigned 31 October 2001)
Andrew Ambridge	(appointed 15 January 2000 and resigned 8 August 2001)
Tim Orrill-Legg	(appointed 8 August 2001)
Stephen Hill	(appointed 12 March 2002)

SECRETARY

Wig & Pen Services Ltd	(resigned 13 April 2000)
Geoffrey I Edwards	(appointed 14 April 2000 and resigned 26 February 2002)
Anna Jackson	(appointed 26 February 2002)

PRINCIPAL PLACE OF BUSINESS

Elan House
5-11 Fetter Lane
London EC4A 1QX

BANKERS

Lloyds TSB Bank plc
Fenchurch Street Branch
72 Fenchurch Street
London EC3P 3EH

AUDITORS

Baker Tilly
Spectrum House
20 - 26 Cursitor Street
London EC4A 1HY

SOLICITORS

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1 8RW

Elan Telecommunications Limited

DIRECTORS' REPORT

For the year ended 31 December 2000

FINANCIAL STATEMENTS

The directors present their report for the year ended 31 December 2000 together with the financial statements for the year then ended. The company changed its name from Ambridge Consulting Limited to Elan Telecommunications Limited on 28 March 2002.

PRINCIPAL ACTIVITY

The principal activities of the company are the provision and management of external resources to the global telecommunication industry.

RESULTS

The results for the year of the company are as set out on page 5 of the financial statements.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company faced tightening market conditions in the UK and European markets. Turnover fell to £5.1 million (1999: £6.3 million). The combination of falling turnover and increased costs from the previous year's investment in new offices and staff resulted in a loss on ordinary activities of £0.65 million (1999: profit of £0.2 million)

On 21 November 2001 the company became a subsidiary of Elan Computing Limited. Further details are shown in note 18 to the financial statements.

DIVIDENDS

The directors paid no interim dividend during the year (1999: £114,000). No final dividend is recommended for the year.

DIRECTORS

With effect from 15 January 2000 Andrew Ambridge was appointed to the Board and with effect from 18 January 2000 Geoffrey Edwards was appointed to the Board. Matthew Rigden resigned from the Board on 17 October 2000 with Tim Orrill-Legg being appointed in his place on 8 August 2001. Andrew Ambridge resigned on 8 August 2001 and Geoffrey Edwards resigned on 31 October 2001.

Stephen Hill was appointed as a director on 12 March 2002.

DIRECTORS' INTERESTS

The interests of the directors holding office at the year end are shown in the appropriate register of Elan Telecommunications Group Limited, the United Kingdom parent undertaking.

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 the 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;
- state whether applicable Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Elan Telecommunications Limited

DIRECTORS' REPORT

For the year ended 31 December 2000

DIRECTORS' RESPONSIBILITIES (continued)

The directors are responsible for keeping proper accounting records which 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 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.

AUDITORS

The previous auditors, Arthur Andersen, resigned after the year end. The audit was put out to tender and HLB Kidsons were appointed by the Board to fill the casual vacancy. HLB Kidsons have subsequently merged their practice with that of Baker Tilly and now practice under the name Baker Tilly.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board



Timothy Orrill-Legg

Director

Registered office:

Elan House
5-11 Fetter Lane
London EC4A 1QX

30th Sept 2002

Elan Telecommunications Limited

AUDITORS' REPORT

31 December 2000

AUDITORS' REPORT TO THE MEMBERS OF ELAN TELECOMMUNICATIONS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies as set out on page 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 2 and 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 circumstances of the company, 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 company's state of affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Chartered Accountants

Registered Auditors

London

30/9/2002

Elan Telecommunications Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Notes	2000 £	1999 £
TURNOVER	2	5,085,322	6,313,872
Cost of sales		<u>(3,952,222)</u>	<u>(5,233,061)</u>
GROSS PROFIT		1,133,100	1,080,811
Administrative expenses		<u>(1,672,941)</u>	<u>(827,697)</u>
OPERATING (LOSS) PROFIT	3	(539,841)	253,114
Interest receivable		-	24,443
Interest payable and similar charges	6	<u>(114,700)</u>	<u>(73,616)</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(654,541)	203,941
Taxation	7	<u>86,229</u>	<u>(86,229)</u>
(LOSS) PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(568,312)	117,712
Dividends	8	<u>-</u>	<u>(114,000)</u>
(LOSS) RETAINED PROFIT FOR THE YEAR		(568,312)	3,712
Retained profits brought forward		<u>523,982</u>	<u>520,270</u>
(Accumulated losses) retained profits carried forward		<u>(44,330)</u>	<u>523,982</u>

All operations of the company continued throughout both years and no operations were acquired or discontinued.

There are no recognised gains or losses in either year other than the profit or loss for that year.

The accompanying notes are an integral part of this profit and loss account.

Elan Telecommunications Limited

BALANCE SHEET

31 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	9	93,671	167,076
Investments	10	<u>17,663</u>	<u>17,663</u>
		111,334	184,739
CURRENT ASSETS			
Debtors	11	1,360,806	2,288,315
Cash at bank and in hand		<u>139,433</u>	<u>127,288</u>
		1,500,239	2,415,603
CREDITORS: amounts falling due within one year	12	<u>(1,467,276)</u>	<u>(2,040,055)</u>
NET CURRENT ASSETS		<u>32,963</u>	<u>375,548</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		144,297	560,287
CREDITORS: amounts falling due after more than one year	12	(8,627)	(31,305)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(175,000)</u>	<u>-</u>
NET (LIABILITIES) ASSETS		<u>(39,330)</u>	<u>528,982</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	16	5,000	5,000
Profit and loss account		<u>(44,330)</u>	<u>523,982</u>
EQUITY SHAREHOLDERS' FUNDS (DEFICIT)	17	<u>(39,330)</u>	<u>528,982</u>

The financial statement on pages 5 to 13 were approved by the Directors on 30th Sep 2002.


TIMOTHY ORRILL-LEGG

Director

The accompanying notes are an integral part of this balance sheet.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 ACCOUNTING POLICIES

a) *Accounting convention*

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The financial statements have been prepared on a going concern basis, which assumes the continuing support of the holding company, Elan Computing Limited.

b) *Consolidation*

The financial statements present information about the company as a single undertaking and not about its group. The results of the subsidiary undertaking have not been consolidated as they have been included in the consolidated results of the ultimate UK parent company at 31 December 2000, Elan Telecommunications Group Limited.

c) *Turnover*

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of value added tax.

d) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

e) *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates on a straight line basis:

Office equipment	25 per cent per annum
Furniture and fittings	20 per cent per annum
Motor vehicles	25 per cent per annum
Short leasehold improvements	Over the term of the lease

Permanent diminutions in the value to the business of fixed assets are charged to the profit and loss account as soon as they are recognised.

f) *Deferred taxation*

Deferred taxation is provided under the liability method on all timing differences to the extent that it is probable that a liability will crystallise and is calculated at the rate it is estimated that tax will be payable.

There was no unprovided deferred taxation at 31 December 2000 (1999: £Nil).

g) *Related party transactions*

The company is the wholly owned subsidiary of Elan Telecommunications Group Limited which is preparing consolidated accounts. Consequently the company has taken advantage of the dispensation conferred by Financial Reporting Standard No. 8 not to disclose transactions with group companies.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 ACCOUNTING POLICIES (continued)

h) *Leasing contracts*

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, with the interest charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged to the profit and loss account over the term of the lease on a straight line basis.

i) *Pension costs*

The company makes contributions to the personal pension schemes of certain of its employees. Contributions are charged to the profit and loss account as incurred.

j) *Cash flow statement*

The company is a wholly owned subsidiary of Elan Telecommunications Group Limited, which prepares a consolidated cash flow statement, and consequently a cash flow statement is not presented with these financial statements in accordance with the exemption conferred by Financial Reporting Standard No 1.

2	TURNOVER BY DESTINATION	2000 £	1999 £
	Europe	3,393,546	5,227,672
	United Kingdom	705,597	812,956
	Asia	17,282	14,844
	North America	160,345	258,400
	South Africa	800,013	-
	South America	8,539	-
		<u>5,085,322</u>	<u>6,313,872</u>

3	OPERATING (LOSS) PROFIT	2000 £	1999 £
	Operating (loss) profit is stated after charging:		
	Foreign exchange loss	9,112	38,719
	Auditors' remuneration - audit services	12,800	14,200
	- non-audit services (i)	20,631	12,000
	Depreciation and impairment - owned assets	115,073	20,858
	- leased assets	14,866	7,532
	Loss on disposal of tangible fixed assets	3,141	-
	Operating lease rentals - other	71,937	38,550
	Bad debt provision	<u>85,449</u>	<u>-</u>

(i) Auditors' remuneration for non-audit services in 2000 were paid to the company's previous auditors.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

4	STAFF COSTS	2000 £	1999 £
	Wages and salaries	653,655	323,566
	Social security costs	62,625	32,622
	Pension costs	<u>18,513</u>	<u>6,540</u>
		<u>734,793</u>	<u>362,728</u>
	The average number of employees including the directors during the year was:	Number	Number
	Administration	6	4
	Resourcing	3	6
	Sales	<u>5</u>	<u>-</u>
		<u>14</u>	<u>10</u>

5	DIRECTORS' REMUNERATION	2000 £	1999 £
	All directors:		
	Emoluments	217,546	67,100
	Contributions to personal pension schemes	<u>16,513</u>	<u>4,540</u>
		<u>234,059</u>	<u>71,640</u>
	Highest paid director:		
	Emoluments	112,222	67,100
	Contributions to personal pension schemes	<u>16,513</u>	<u>4,540</u>
		<u>128,735</u>	<u>71,640</u>

Directors' emoluments include £30,000 (1999: £Nil) in respect of compensation for loss of office.

One (1999: one) director received contributions under money purchase pension arrangements.

6	INTEREST PAYABLE AND SIMILAR CHARGES	2000 £	1999 £
	Interest on overdraft	390	3,130
	Finance charges on factored debts (i)	48,774	60,755
	Interest on hire purchase contracts	6,166	-
	Interest on loans from fellow subsidiaries	<u>59,370</u>	<u>9,731</u>
		<u>114,700</u>	<u>73,616</u>

(i) The finance charges on factored debts comprise the discount charges made by the factor.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

7	TAX ON PROFIT ON ORDINARY ACTIVITIES				2000	1999
				£	£	
	UK corporation tax recoverable at 30% on the (loss) profit for the year				<u>(86,229)</u>	<u>86,229</u>
8	DIVIDENDS				2000	1999
				£	£	
	Interim dividend at £Nil per share (1999: £2.80)				<u>-</u>	<u>114,000</u>
9	TANGIBLE FIXED ASSETS					
		Office equipment	Furniture and fittings	Short leasehold improvements	Motor vehicles	Total
		£	£	£	£	£
	COST					
	At 1 January 2000	89,152	47,035	48,067	20,663	204,917
	Additions	13,536	9,463	1,249	44,027	68,275
	Disposals	<u>(4,625)</u>	<u>-</u>	<u>-</u>	<u>(12,600)</u>	<u>(17,225)</u>
	At 31 December 2000	<u>98,063</u>	<u>56,498</u>	<u>49,316</u>	<u>52,090</u>	<u>255,967</u>
	DEPRECIATION					
	At 1 January 2000	18,121	9,959	4,165	5,596	37,841
	Charge for the year	35,822	32,011	39,397	22,709	129,939
	Disposals	<u>(1,284)</u>	<u>-</u>	<u>-</u>	<u>(4,200)</u>	<u>(5,484)</u>
	At 31 December 2000	<u>52,659</u>	<u>41,970</u>	<u>43,562</u>	<u>24,105</u>	<u>162,296</u>
	NET BOOK AMOUNT					
	At 31 December 2000	<u>45,404</u>	<u>14,528</u>	<u>5,754</u>	<u>27,985</u>	<u>93,671</u>
	At 31 December 1999	<u>71,031</u>	<u>37,076</u>	<u>43,902</u>	<u>15,067</u>	<u>167,076</u>

The depreciation charge and net book amount of motor vehicles and office equipment held under hire purchase contracts are £14,866 and £36,634 respectively (1999: £7,532 and £51,500 respectively).

The charge for the year includes a provision of £67,371 for the diminution in value on the realisation of fixed assets on the relocation of the UK administration office in 2001.

10	INVESTMENTS	£
	At 1 January 2000 and 31 December 2000	<u>17,663</u>

The company's subsidiary undertaking is Ambridge Consulting GmbH; the principal activity of this company incorporated in Germany is the management of external resources.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

11	DEBTORS	2000 £	1999 £
	Trade debtors (i)	1,015,601	1,164,075
	Amounts due from parent undertaking	-	932,813
	Amounts owed from fellow subsidiary undertaking	115,478	-
	Other debtors	105,789	128,859
	Corporation tax recoverable	100,800	-
	Prepayments	<u>23,138</u>	<u>62,568</u>
		<u>1,360,806</u>	<u>2,288,315</u>

- (i) The majority of the trade debtors are factored to a third party on a recourse basis after the 120-day approval period. The maximum amount advanced against any trade debtor is 90% of invoice value.

12	CREDITORS	2000 £	1999 £
	AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Bank overdraft	19,053	68,218
	Advances from factoring company (i)	577,873	634,517
	Amounts due under hire purchase contracts (ii)	23,982	20,607
	Trade creditors	426,477	351,626
	Amounts owed to parent undertaking	29,048	-
	Amounts due to fellow subsidiary undertakings	204,492	837,883
	Corporation tax	-	11,829
	Social security and other taxes	21,154	11,489
	Other creditors	54,965	-
	Accruals	<u>110,232</u>	<u>103,886</u>
		<u>1,467,276</u>	<u>2,040,055</u>

- (i) Advances from the factoring company are secured over the company's book debts.

- (ii) Amounts due under hire purchase contracts are secured on the related tangible fixed assets as shown in note 9.

	2000 £	1999 £
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Amounts due under hire purchase contracts (i)	<u>8,627</u>	<u>31,305</u>
Due between one and two years	8,627	22,678
Due between two and five years	-	8,627
	<u>8,627</u>	<u>31,305</u>

- (i) Amounts due under hire purchase contracts are secured on the related tangible fixed assets as shown in note 9.

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

13	PROVISIONS FOR LIABILITIES AND CHARGES		£
	Provision for future rent on vacated property		
	1 January 2000		-
	Profit and loss account		<u>175,000</u>
	31 December 2000		<u>175,000</u>
14	OBLIGATIONS UNDER FINANCE AGREEMENTS	2000	1999
		£	£
	The future minimum finance payments to which the company was committed at the year-end are:		
	Amounts payable within one year	29,812	25,853
	Amounts payable after more than one year, but less than five years	10,956	39,464
	Less: finance charges allocated to future years	<u>(8,159)</u>	<u>(13,405)</u>
		<u>32,609</u>	<u>51,912</u>
15	OPERATING LEASE COMMITMENTS		
	Commitments payable under operating leases in the year ending 31 December 2001 are:		
		2000	1999
		Land and buildings	Land and buildings
		£	£
		Other	Other
		£	£
	Leases expiring:		
	Between 1 and 5 years	<u>55,296</u>	<u>14,745</u>
16	SHARE CAPITAL		
		2000	1999
		No	No
		£	£
	Authorised, allotted, called up and fully paid		
	Ordinary £1 shares	<u>5,000</u>	<u>5,000</u>
17	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2000	1999
		£	£
	(Loss) profit for the financial year	(568,312)	117,712
	Dividend paid and proposed	<u>-</u>	<u>(114,000)</u>
	Net (deduction from) addition to shareholders' funds	(568,312)	3,712
	Opening shareholders' funds	<u>528,982</u>	<u>525,270</u>
	Closing shareholders' funds (deficit)	<u>(39,330)</u>	<u>528,982</u>

Elan Telecommunications Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

18 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Elan Telecommunications Group Limited, a company incorporated in England and Wales. The registered office is Elan House, 5-11 Fetter Lane, London EC4A 1QX. Elan Telecommunications Group Limited is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from Companies House.

The Directors are of the opinion that there was no ultimate controlling party at the year end, although subsequent to the year end Elan Computing Limited has gained and retains control of the Group.

19 POST BALANCE SHEET EVENT

On 8 August 2001 Elan Computing Limited acquired a 19.6% interest in the group with options to acquire the remaining shares on or before 31 March 2002. Elan exercised call options over 78.4% of the issued shares and acquired the same on 21 November 2001. As part of the share sale arrangements Elan Computing Limited undertook to provide additional working finance to the group so as to meet its obligations to creditors and to enable it to remove its reliance upon factors for short term finance. Elan Computing Limited's ultimate parent company is Manpower Inc., a company incorporated in the United States of America.

20 CONTINGENT LIABILITIES

The company provided a performance guarantee to a customer for AST 1,490,000 (£65,951). No claim under this guarantee is anticipated and the guarantee lapsed on 31 August 2001.

21 PRIOR YEAR COMPARATIVE NUMBERS

The prior year comparative numbers in this set of financial statements were audited by a firm other than Baker Tilly.