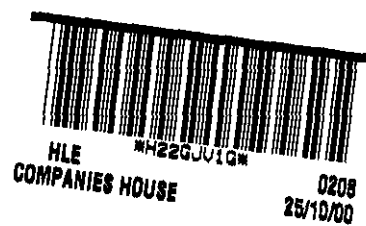


**Firstnet Services Limited**

Accounts 31 January 2000  
together with directors' and auditors' reports

Registered number: 03152569



## Directors' report

For the year ended 31 January 2000

The directors presents their report on the affairs of the company together with the accounts and auditors' report for the year ended 31 January 2000.

### Principal activities and business review

The principal activity of the company continues to be that of Internet Services and Solutions providers. The directors consider the results for the year to be satisfactory and are confident of achieving increasing profitability in the future.

The company's balance sheet as detailed on page 5 shows a satisfactory position, shareholders' funds amounting to £105,335.

### Results and dividends

The results for the year are shown in the profit and loss account on page 4. The directors do not propose payment of an ordinary dividend.

### Directors and their interest

The directors who held office during the year and their interests in the shares of the company are as follows:

	2000 Ordinary shares	1999 Ordinary shares
D.A. Marrocco	13,000	13,000
B.N. Cobley (appointed 29 September 1999)	-	-
C. Keir (appointed 29 September 1999)	-	-

### Subsequent events

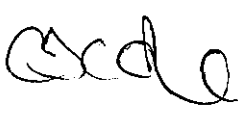
On 12 February 2000, Minorplanet Systems plc acquired 51% of the ordinary share capital of Firstnet Services Limited and henceforth hold a controlling interest in the company.

### Auditors

Following the resignation of Jones & Co as auditors, Arthur Andersen were appointed to fill the casual vacancy.

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,

  
C. Scarfe  
Secretary

29 September 2000

## Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

**To the Shareholders of Firstnet Services Limited:**

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts 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.

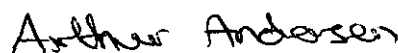
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
**Chartered Accountants and Registered Auditors**

1 City Square  
Leeds  
LS1 2AL

29 September 2000

# Profit and loss account

For the year ended 31 January 2000

	Note	2000 £	1999 £
<b>Turnover</b>	1	1,371,430	459,499
Cost of sales		(810,362)	(208,651)
<b>Gross profit</b>		561,068	250,848
Distribution costs		(43,133)	(118,883)
Administrative expenses		(428,074)	(112,830)
Other operating income		21,255	-
<b>Operating profit</b>		111,116	19,135
Investment income		-	2,485
Interest payable	2	(5,571)	(1,071)
<b>Profit on ordinary activities before taxation</b>	3	105,545	20,549
Taxation	5	(27,601)	(4,943)
<b>Profit on ordinary activities after taxation retained for the year</b>	13	77,944	15,606

All of the above results are derived from continuing activities.

There are no recognised gains or losses other than the profit for the financial years reported above.

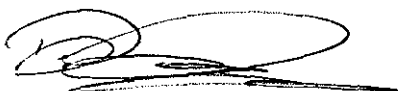
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 January 2000

	Note	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	6	<u>123,900</u>	<u>45,601</u>
<b>Current assets</b>			
Stocks	7	139,824	2,500
Debtors	8	467,621	96,983
Cash at bank and in hand		<u>251,352</u>	<u>5,020</u>
		858,797	104,503
<b>Creditors: Amounts falling due within one year</b>	9	<u>(866,406)</u>	<u>(110,972)</u>
<b>Net current liabilities</b>		<u>(7,609)</u>	<u>(6,469)</u>
<b>Total assets less current liabilities</b>		116,291	39,132
<b>Creditors: Amounts falling due after one year</b>	10	(5,576)	(10,514)
<b>Provisions for liabilities and charges</b>	11	<u>(5,380)</u>	<u>(1,227)</u>
<b>Net assets</b>		<u>105,335</u>	<u>27,391</u>
<b>Capital and reserves</b>			
Called-up share capital	12	13,000	13,000
Profit and loss account	13	<u>92,335</u>	<u>14,391</u>
<b>Equity shareholders' funds</b>	14	<u>105,335</u>	<u>27,391</u>

The accounts on pages 4 to 11 were approved by the board on 29 September 2000 and signed on its behalf by:



D. A. Marrocco Director

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

## Statement of accounting policies

31 January 2000

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

### **Basis of accounting**

The accounts have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by FRS 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

The company has net current liabilities of £7,609. Subsequent to the year end, Minorplanet Systems plc acquired 51% of the ordinary share capital of Firstnet Services Limited subscribing for 4,450 new shares at a premium of £2,995,550, thereby injecting cash of £3,000,000 into the company. The accounts have therefore been prepared on a going concern basis.

### **Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

### **Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives on the following bases as follows:

	%
Computer equipment	20 straight line
Motor vehicles	25 reducing balance
Office equipment	20 straight line

### **Leases and hire purchase contracts**

Tangible fixed assets acquired under finance lease and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating lease are charged to income as incurred.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in, first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

### **Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

## Notes to accounts

31 January 2000

### 1 Turnover

Turnover arose in the UK and is wholly attributed to the company's principal activity.

### 2 Interest payable

	2000 £	1999 £
Finance lease and hire purchase contracts	1,261	967
Bank interest payable	4,310	104
	<u>5,571</u>	<u>1,071</u>

### 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Auditors' remuneration		
- audit services	10,000	1,100
- non audit services	10,268	275
Depreciation of tangible fixed assets (note 6)		
- owned assets	35,804	9,746
- leased assets	<u>5,375</u>	<u>5,375</u>

### 4 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	2000 £	1999 £
Employee costs during the year amounted to:		
Wages and salaries	197,958	60,125
Social security costs	<u>19,796</u>	<u>1,249</u>
	<u>217,754</u>	<u>61,374</u>

The average monthly number of persons employed by the company during the year was as follows:

	2000 Number	1999 Number
Selling and technical	21	6
Administration	<u>6</u>	<u>2</u>
	<u>27</u>	<u>8</u>



## Notes to the accounts (continued)

### 4 Staff costs (continued)

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the company:

	2000 £	1999 £
Emoluments	<u>32,000</u>	<u>15,000</u>

### 5 Taxation

	2000 £	1999 £
Corporation tax on profit on ordinary activities at 20.2% (1999 – 21%)	23,448	2,716
Deferred taxation	<u>4,153</u>	<u>1,227</u>
	<u>27,601</u>	<u>4,943</u>

### 6 Tangible fixed assets

	Motor vehicles £	Computer equipment £	Office equipment £	Total £
<b>Cost</b>				
At 1 February 1999	24,200	39,800	5,439	69,439
Additions	11,740	104,543	13,534	129,817
Disposals	<u>(5,000)</u>	<u>(10,732)</u>	<u>-</u>	<u>(15,732)</u>
At 31 January 2000	<u>30,940</u>	<u>133,611</u>	<u>18,973</u>	<u>183,524</u>
<b>Cost</b>				
At 1 February 1999	6,715	15,320	1,803	23,838
Charge for the year	6,369	31,015	3,795	41,179
Disposals	<u>(1,250)</u>	<u>(4,143)</u>	<u>-</u>	<u>(5,393)</u>
At 31 January 2000	<u>11,834</u>	<u>42,192</u>	<u>5,598</u>	<u>59,624</u>
<b>Net book value</b>				
At 31 January 2000	<u>19,106</u>	<u>91,419</u>	<u>13,375</u>	<u>123,900</u>
At 31 January 1999	<u>17,485</u>	<u>24,480</u>	<u>3,636</u>	<u>45,601</u>

The net book value of motor vehicles includes assets held under hire purchase contracts amounting to £10,750 (1999 - £16,125).

## Notes to the accounts (continued)

### 7 Stocks

	2000 £	1999 £
Raw materials and consumables	13,694	2,500
Work in progress	126,130	-
	<u>139,824</u>	<u>2,500</u>

### 8 Debtors

Amounts falling due within one year:

	2000 £	1999 £
Trade debtors	457,337	95,021
Prepayments	10,284	1,962
	<u>467,621</u>	<u>96,983</u>

### 9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Obligations under finance lease	4,937	-
Bank loans and overdrafts	2,893	2,773
Other loans	215,141	-
Trade creditors	436,797	70,496
Corporation tax	23,448	3,716
Other taxation and social security	18,454	20,408
Other creditors	164,736	13,579
	<u>866,406</u>	<u>110,972</u>

The bank overdraft is secured on the company's assets. The hire purchase loans are secured on the assets concerned.

### 10 Creditors: Amounts due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	<u>5,576</u>	<u>10,514</u>

# Notes to the accounts (continued)

## 11 Provision for liabilities and charges

### Deferred taxation

	2000 £	1999 £
At beginning of financial year	(1,227)	-
Provided in year	(4,153)	(1,227)
At end of financial year	<u>(5,380)</u>	<u>(1,227)</u>

Deferred tax provided and deferred tax not provided are as follows:

	Provided		Unprovided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	<u>5,380</u>	<u>1,227</u>	<u>-</u>	<u>-</u>

## 12 Called-up share capital

	2000 £	1999 £
<b>Authorised</b>		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called-up and fully paid</b>		
13,000 Ordinary shares of £1 each	<u>13,000</u>	<u>13,000</u>

## 13 Profit and loss account

	£
At 1 February 1999	14,391
Retained profit for the year	<u>77,944</u>
At 31 January 2000	<u>92,335</u>

## 14 Reconciliation of movement in equity shareholders' funds

	2000 £	1999 £
Profit for the financial year	<u>77,944</u>	<u>15,606</u>
Net additions to equity shareholders' funds	<u>77,944</u>	<u>15,606</u>
Opening equity shareholders' funds	<u>27,391</u>	<u>11,785</u>
Closing equity shareholders' funds	<u>105,335</u>	<u>27,391</u>

## Notes to the accounts (continued)

### **15 Guarantees and financial commitments**

#### *Capital commitments*

At the end of the year the company had no capital commitments that were contracted but not provided for (1999 - £nil).

### **16 Subsequent events**

On 12 February 2000, Minorplanet Systems plc acquired 51% of the ordinary share capital of Firstnet Services Limited.

Minorplanet Systems plc has had a controlling interest in the shares of Firstnet Services Limited since that date.