

Firstnet Services Limited

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

Registered number: 03152569



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Directors' report

For the period ended 31 August 2000

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the 7 months ended 31 August 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 period to be satisfactory and are confident of achieving increasing profitability in the future.

On 17 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.

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £3,311,742.

Results and dividends

The results for the period are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors and their interests

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

	31 August 2000 Ordinary shares	31 January 2000 Ordinary shares
D.A. Marrocco	8,550	13,000
B.N. Cobley	-	-
C. Keir	-	-
	<hr/>	<hr/>

The interests of the directors who held office during the period in the share capital of Minorplanet Systems plc were as follows:

	31 August 2000 Number	31 January 2000 Number
Ordinary 5p shares		
D.A. Marrocco	416,667	-
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Directors' report

For the period ended 31 August 2000

Auditors

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

Northwood House
195 Northstreet
Leeds
West Yorkshire
LS7 2AA

By order of the Board,

A handwritten signature in black ink, appearing to be 'C. Scarfe', written in a cursive style.

C. Scarfe
Secretary

27 June 2001

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.

Auditors' report

To the Shareholders of Firstnet Services Limited:

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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.

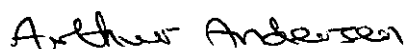
Basis of opinion

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 affairs of the company at 31 August 2000 and the company's profit for the period 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

27 June 2001

Profit and loss account
For the period ended 31 August 2000

	Notes	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Turnover	1	1,978,747	1,371,430
Cost of sales		(959,678)	(810,362)
Gross profit		1,019,069	561,068
Selling costs		(130,057)	(43,133)
Administrative expenses		(641,989)	(428,074)
Other operating income		2,904	21,255
Operating profit		249,927	111,116
Interest receivable	2	59,211	-
Interest payable	3	(3,770)	(5,571)
Profit on ordinary activities before taxation	4	305,368	105,545
Taxation	6	(98,961)	(27,601)
Profit on ordinary activities after taxation retained for the year	14	206,407	77,944

All of the above results are derived from continuing activities.

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

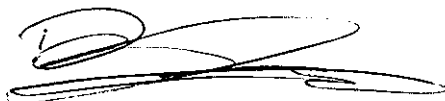
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 August 2000

	Notes	31 August 2000 £	31 January 2000 £
Fixed assets			
Tangible assets	7	362,170	123,900
Current assets			
Stocks	8	73,076	139,824
Debtors	9	1,905,583	467,621
Cash at bank and in hand		1,484,804	251,352
		3,463,463	858,797
Creditors: Amounts falling due within one year	10	(500,354)	(866,406)
Net current assets		2,963,109	(7,609)
Total assets less current liabilities		3,325,279	116,291
Creditors: Amounts falling due after one year	11	(3,601)	(5,576)
Provisions for liabilities and charges	12	(9,936)	(5,380)
Net assets		3,311,742	105,335
Capital and reserves			
Called-up share capital	13	17,450	13,000
Share premium account	14	2,995,550	-
Profit and loss account	14	298,742	92,335
Equity shareholders' funds	15	3,311,742	105,335

The accounts on pages 5 to 14 were approved by the board on 27 June 2001 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 August 2000

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

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

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:

	%
Computer equipment	33 straight line
Motor vehicles	25 reducing balance
Office equipment	20 straight line

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.

Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. 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.

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.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases 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 leases are charged to income as incurred.

Notes to accounts

31 August 2000

1 Turnover

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

2 Interest receivable

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Bank interest receivable	59,211	-

3 Interest payable

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Finance lease and hire purchase contracts	736	1,261
Bank interest payable	3,034	4,310
	<u>3,770</u>	<u>5,571</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Depreciation of tangible fixed assets (note 7)		
- owned assets	47,079	35,804
- leased assets	2,688	5,375
Development expenditure	121,167	-
Auditors' remuneration		
- audit services	5,000	10,000
- non audit services	-	10,268
	<u>-</u>	<u>10,268</u>

Notes to accounts (continued)

5 Staff costs

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

	7 months ended 31 August 2000 Number	12 months ended 31 January 2000 Number
Selling and technical	34	21
Administration	8	6
	<u>42</u>	<u>27</u>

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

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Employee costs during the period amounted to:		
Wages and salaries	499,498	197,958
Social security costs	49,414	19,796
	<u>548,912</u>	<u>217,754</u>

Directors' remuneration:

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

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Emoluments	<u>87,500</u>	<u>32,000</u>

Notes to accounts (continued)

6 Taxation

The tax charge comprises:

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Corporation tax on profit on ordinary activities at 30% (12 months ended 31 January 2000 – 20.2%)	94,405	23,448
Deferred taxation	4,556	4,153
	<u>98,961</u>	<u>27,601</u>

7 Tangible fixed assets

	Fixtures & Fittings £	Motor vehicles £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 February 2000	-	30,940	133,611	18,973	183,524
Additions	70,100	12,490	128,537	76,910	288,037
At 31 August 2000	<u>70,100</u>	<u>43,430</u>	<u>262,148</u>	<u>95,883</u>	<u>471,561</u>
Depreciation					
At 1 February 2000	-	11,834	42,192	5,598	59,624
Charge for the year	887	4,608	33,085	11,187	49,767
At 31 August 2000	<u>887</u>	<u>16,442</u>	<u>75,277</u>	<u>16,785</u>	<u>109,391</u>
Net book value					
At 31 August 2000	<u>69,213</u>	<u>26,988</u>	<u>186,871</u>	<u>79,098</u>	<u>362,170</u>
At 31 January 2000	<u>-</u>	<u>19,106</u>	<u>91,419</u>	<u>13,375</u>	<u>123,900</u>

The net book value of motor vehicles includes assets held under hire purchase contracts amounting to £8,062 (31 January 2000 - £10,750).

Notes to accounts (continued)

8 Stocks

	31 August 2000 £	31 January 2000 £
Raw materials and consumables	68,007	13,694
Work in progress	5,069	126,130
	<u>73,076</u>	<u>139,824</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

9 Debtors

Amounts falling due within one year:

	31 August 2000 £	31 January 2000 £
Trade debtors	1,257,464	457,337
Other debtors	632,000	-
Prepayments	16,119	10,284
	<u>1,905,583</u>	<u>467,621</u>

10 Creditors: Amounts falling due within one year

	31 August 2000 £	31 January 2000 £
Obligations under finance leases	4,032	4,937
Bank loans and overdrafts	2,253	2,893
Other loans	13	215,141
Trade creditors	266,826	436,797
UK Corporation tax	117,854	23,448
Other taxation and social security	93,686	18,454
Accruals & deferred income	15,690	164,736
	<u>500,354</u>	<u>866,406</u>

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

Notes to accounts (continued)

11 Creditors: Amounts due after more than one year

	31 August 2000 £	31 January 2000 £
Obligations under finance leases and hire purchase contracts	<u>3,601</u>	<u>5,576</u>

12 Provision for liabilities and charges

Deferred taxation

	31 August 2000 £	31 January 2000 £
At beginning of period	(5,380)	(1,227)
Provided in period	<u>(4,556)</u>	<u>(4,153)</u>
At end of financial period	<u>(9,936)</u>	<u>(5,380)</u>

Amounts provided for deferred tax are set out below:

	Fully provided 31 August 2000 £	Fully provided 31 January 2000 £
Accelerated capital allowances	<u>9,936</u>	<u>5,380</u>

13 Called-up share capital

	31 August 2000 £	31 January 2000 £
Authorised		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called-up and fully paid		
17,450 Ordinary shares of £1 each (31 January 2000: 13,000 ordinary shares of £1 each)	<u>17,450</u>	<u>13,000</u>

On 17 February 2000, Minorplanet Systems plc acquired 51% of the ordinary share capital of Firstnet Services Limited subscribing for 4,450 new £1 ordinary shares at a premium of £2,995,550.

Notes to accounts (continued)

14 Reserves

	Share premium account £	Profit and loss account £	Total £
1 February 2000	-	92,335	92,335
New shares issued	2,995,550	-	2,995,550
Retained profit for the period	-	206,407	206,407
31 August 2000	<u>2,995,550</u>	<u>298,742</u>	<u>3,294,292</u>

15 Reconciliation of movement in equity shareholders' funds

	7 months ended 31 August 2000 £	12 months ended 31 January 2000 £
Profit for the period	206,407	77,944
New shares issued	<u>3,000,000</u>	<u>-</u>
Net additions to equity shareholders' funds	3,206,407	77,944
Opening equity shareholders' funds	<u>105,335</u>	<u>27,391</u>
Closing equity shareholders' funds	<u>3,311,742</u>	<u>105,335</u>

16 Guarantees and financial commitments

Capital commitments

At the end of the period the company had no capital commitments that were contracted but not provided for (31 January 2000 - £nil).

17 Ultimate Controlling Party

The directors regard Minorplanet Systems plc, a company incorporated in England, as the ultimate parent company and the ultimate controlling party.

Minorplanet Systems plc is the parent company of the largest and smallest group of which the company is a member and for which group accounts are prepared. These can be obtained from Minorplanet Systems plc, Greenwich House, Sheepscar, Leeds, LS7 2AA.

Notes to accounts (continued)

18 Related party transactions

The company is a supplier of Minorplanet Limited, a fellow subsidiary of Minorplanet Systems plc. Sales to Minorplanet Limited totalled £314,000 in the period.

The balances outstanding from Minorplanet Limited at 31 August 2000 are as follows:

	£
Trade debtors	<u>170,319</u>