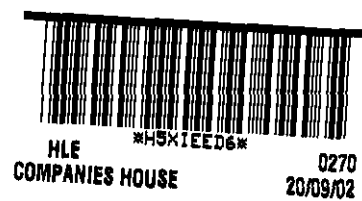


Plusnet Technologies Limited

**Directors' report and financial
statements**

Registered number 3279013

31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activity

The principal activity is the provision of internet access services in the UK.

Business review

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

On 1 January 2002 the trade and assets of Insight ASP, the subsidiary undertaking of Plusnet Technologies Limited, were transferred to the company at book value.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

B Smith (appointed 23 July 2001)
LA Strafford
M Gumbert (resigned 23 July 2001)
EJ Crown
TA Crown
S Laybourne

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share or debenture	Interest at start of year	Interest at end of year
LA Strafford	Ordinary	5	5

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

TA Crown, EJ Crown and S Laybourne were also directors of Insight Enterprises Inc., and their interests in the shares of group companies are disclosed in that company's financial statements.

Political and charitable contributions

The company made no political or charitable contributions during the year.

By order of the board


LA Strafford
Director

Internet House
8 Furnival Road
Victoria Quays
Sheffield
S4 7YA

5 September 2002

Statement of 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the independent auditors to the members of Plusnet Technologies Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

16 September 2002

Profit and loss account
for the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	6,210,884	5,965,822
Cost of sales		(2,166,103)	(1,492,092)
Gross profit		4,044,781	4,473,730
Administrative expenses		(2,895,652)	(3,128,950)
Operating profit		1,149,129	1,344,780
Net interest receivable/(payable)	<i>5</i>	14,186	(89,777)
Profit on ordinary activities before taxation	<i>2-4</i>	1,163,315	1,255,003
Tax on profit on ordinary activities	<i>6</i>	(346,512)	(391,306)
Profit for the financial year	<i>16</i>	816,803	863,697

All recognised gains and losses have passed through the profit and loss account.

The results for the year all derive from continuing operations.

Balance sheet
at 31 December 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	7	2,995,424	3,699,614
Investments	8	100	100
		<u>2,995,524</u>	<u>3,699,714</u>
Current assets			
Stock	9	2,243	31,995
Debtors	10	2,672,481	1,745,160
Cash at bank and in hand		398,826	843,495
		<u>3,073,550</u>	<u>2,620,650</u>
Creditors: amounts falling due within one year	11	<u>(2,526,222)</u>	<u>(1,628,170)</u>
Net current assets		<u>547,328</u>	<u>992,480</u>
Total assets less current liabilities		<u>3,542,852</u>	<u>4,692,194</u>
Creditors: amounts falling due after one year	12	-	(1,838,993)
Deferred income		(239,396)	(323,728)
Provisions for liabilities and charges	13	(151,263)	(194,083)
Net assets		<u>3,152,193</u>	<u>2,335,390</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	3,152,093	2,335,290
Equity shareholders' funds	16	<u>3,152,193</u>	<u>2,335,390</u>

These financial statements were approved by the board of directors on 5 September 2002 and were signed on its behalf by:



LA Strafford
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 95% of the company's voting rights are controlled within the group headed by Insight Enterprises Inc the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Insight Enterprises Inc, within which this company is included, can be obtained from the address given in note 20.

Intangible assets and amortisation

Expenditure on research is written off against profits in the year in which it is incurred.

Development expenditure on software applications is capitalised to the extent that its recovery is reasonably assured. These costs are amortised over the period to which revenue is expected to be derived from the application, subject to a maximum period of 5 years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Network development costs	-	20% per annum
Other computer software	-	33% per annum
Computers	-	20% per annum
Motor vehicles	-	33% per annum
Fixtures & fittings	-	6.7% per annum

Network development costs are capitalised as a tangible fixed asset to the extent that expenditure is directly attributable to bringing computer equipment into working condition for its intended use within the business. This expenditure is treated as part of the cost of the related hardware rather than as a separate intangible asset.

Post-retirement benefits

The company participates in a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Service subscription income is recognised over the period to which it relates. Call revenue is recognised on the accruals basis.

Deferred income

Deferred income represents that portion of subscription fees taken out by customers but relating to a future period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

2 Profit on ordinary activities before taxation

	2001 £	2000 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation and other amounts written off tangible fixed assets	974,508	793,620
Operating leases – hire of other assets	84,136	86,110

Auditors' remuneration is borne by the ultimate parent company.

3 Remuneration of directors

	2001 £	2000 £
Directors' emoluments	75,000	55,661

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Sales support	51	58
Networks and development	8	20
General administration	6	9
	<hr/> 65	<hr/> 87

The aggregate payroll costs of these persons were as follows :

	2001 £	2000 £
Wages and salaries	1,216,492	1,656,585
Social security costs	108,787	147,505
Other pension costs	5,611	1,440
	<hr/> 1,330,890	<hr/> 1,805,530

5 Net interest receivable/(payable)

	2001 £	2000 £
Interest receivable from/ (payable to) group undertakings	4,622	(89,777)
Other	9,564	-
	<hr/> 14,186	<hr/> (89,777)

6 Taxation

	2001 £	2000 £
UK corporation tax 30% (2000 at 30%)	397,375	317,639
Deferred taxation	(42,820)	73,667
Adjustment relating to an earlier year	(8,043)	-
	<hr/> 346,512	<hr/> 391,306

Notes (continued)

7 Tangible fixed assets

	Computer equipment £	Network development costs £	Fixtures & fittings £	Total £
Cost				
At beginning of year	4,306,131	324,901	208,083	4,839,115
Additions	103,841	156,753	9,724	270,318
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	4,409,972	481,654	217,807	5,109,433
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	1,046,183	64,396	28,922	1,139,501
Charge for period	875,052	83,583	15,873	974,508
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,921,235	147,979	44,795	2,114,009
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2001	2,488,737	333,675	173,012	2,995,424
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	3,259,948	260,505	179,161	3,699,614
	<hr/>	<hr/>	<hr/>	<hr/>

8 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning of year	100
Additions	-
	<hr/>
At end of year	100
	<hr/>
Net book value	
At 31 December 2001	100
	<hr/>
At 31 December 2000	100
	<hr/>

The investment above represents 100% of the ordinary share capital of Insight ASP Limited, an application service provider, incorporated in England & Wales.

Notes *(continued)*

9 Stock

	2001 £	2000 £
Goods held for resale	2,243	31,995

10 Debtors

	2001 £	2000 £
Trade debtors	416,507	458,958
Amounts owed by group undertakings	2,018,191	1,096,097
Other debtors	22,893	2,902
Prepayments and accrued income	214,890	187,203
	<u>2,672,481</u>	<u>1,745,160</u>

11 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	328,873	245,487
Amounts owed to group undertakings	1,443,924	820,187
Taxation and social security	578,237	525,651
Other creditors	20,567	6,150
Accruals and deferred income	154,621	30,695
	<u>2,526,222</u>	<u>1,628,170</u>

12 Creditors: amounts falling due after one year

	2001 £	2000 £
Amounts owed to group undertakings	-	1,838,993

Notes (continued)

13 Provisions for liabilities and charges

	£
At beginning of year	194,083
Charge for the year	(42,820)
	<hr/>
At end of year	151,263

The amounts provided for deferred taxation and the amounts not provided are set out below :

	2001		2000	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and capital allowances	151,712	-	195,548	-
Other timing differences	(449)	-	(1,465)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	151,263	-	194,083	-

14 Called up share capital

	2001	2000
	£	£
Authorised		
Equity: 75,000,000 ordinary shares of 0.00002p each (2000: 75,000,000 ordinary shares of 0.00002p each)	150	150
	<hr/>	<hr/>
Allotted and called up		
Equity: 50,000,000 ordinary shares of 0.00002p each (2000: 50,000,000 ordinary shares of 0.00002p each)	100	100

15 Reserves

	Profit and loss account £
At beginning of year	2,335,290
Retained profit for the year	816,803
	<hr/>
At end of year	3,152,093

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	816,803	863,697
Net addition to shareholders' funds	816,803	863,697
Opening shareholders' funds	2,335,390	1,471,693
Closing shareholders' funds	3,152,193	2,335,390

17 Commitments

(a) There were no capital commitments at the end of the financial year for which no provision has been made.

(b) Annual commitments under non-cancellable operating leases are as follows:

	2001 Land and buildings £	Other	2000 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	4,729
In the second to fifth years inclusive	-	5,040	-	5,043
Over five years	76,338	-	76,338	-
	76,338	5,040	76,338	9,772

18 Pension scheme

The company operates a group personal pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £5,611 (2000 £1,440).

19 Related party disclosures

A loan to Mr Stafford, a director of the company, was transferred from Insight ASP during the year. The loan was £5,000 at the year end and this was the maximum liability whilst the loan was held by this company. This has been repaid in full since the year end.

20 Ultimate parent company and parent undertaking of larger group

The parent undertaking and controlling party is Insight Enterprises Inc.

The largest group in which the results of the company are consolidated is that headed by Insight Enterprises Inc, incorporated in the USA. The smallest group in which they are consolidated is that headed by Insight Enterprises UK Limited, incorporated in England and Wales. The consolidated accounts of Insight Enterprises Inc., are available to the public and may be obtained from Insight Enterprises Inc., Investor Relations, 1305 West Auto Drive, Tempe, Arizona, 85284 USA or alternatively from the web-site at www.insight.com.