

Firth Solutions Limited

Report and Accounts

For the year ended 30 April 2000

**Registered Office:
Campus 300, Maylands Avenue,
Hemel Hempstead, Hertfordshire
HP2 7TQ
Registered in England no. 1971774**



REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the accounts for the year ended 30 April 2000.

Review of the business

The Company did not undertake any activity during the year other than continuing to hold its investment in F. I. Academy Limited.

Results and dividends

The profit before tax was £nil (1999 £nil).

The Directors do not recommend the payment of a dividend.

Directors

The Directors of the Company during the year were as follows

Mrs J L Connell	(Chairman)(appointed 11 January 2000)
Mr G R Dunn	(appointed 20 September 1999)
Mrs H M Cropper	(resigned 11 January 2000)
Mr D G Best	(resigned 13 September 1999)

None of the Directors had an interest in the shares of the Company.

Mrs J L Connell and Mr G R Dunn are Directors of the Holding Company, F.I.GROUP PLC, and their interest in the shares of the Holding Company and details of their interests under the Group Share Schemes are disclosed in that Company's accounts.

There are no other Directors' interests requiring disclosure.

Directors' and Officers' Insurance

The Company has an insurance policy in respect of Directors' and Officers' liabilities.

Auditors

A resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 28 April 1995 and accordingly Ernst & Young shall be deemed reappointed as auditors.

By Order of the Board,



J G M CAMPBELL
Company Secretary.
20 December 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS.

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 the profit of the Company for that period. In preparing those accounts, the Directors are required to:

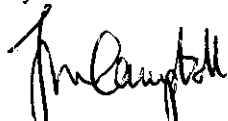
select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

By Order of the Board



J O M CAMPBELL

Company Secretary

20 December 2000

REPORT OF THE AUDITORS

To the members of Firth Solutions Limited.

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and on the basis of 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. It is our responsibility to form an independent opinion, based in our audit, on those accounts and to report our opinion to you. Our responsibility as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

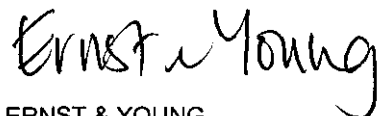
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Audit 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 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 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 as at 30 April 2000, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.



ERNST & YOUNG
Registered Auditor
London

20 December 2000

Firth Solutions Limited

Profit and Loss Account

for the year ended 30 April 2000

	Note	2000 £	1999 £
Intergroup administration recharges		-	37,172
Operating costs		-	37,172
Profit on ordinary activities before taxation		-	-
Taxation (prior year adjustment)		(436)	-
Retained (loss) for the year	8	(436)	-

There are no recognised gains or losses other than the retained loss for the year.
Movements on Reserves are shown in Note 8


Firth Solutions Limited

Balance Sheet

as at 30 April 2000

	Note	2000 £	1999 £
Fixed assets			
Investments	4	2,247,321	2,247,321
		<u>2,247,321</u>	<u>2,247,321</u>
Current assets			
Debtors	5	1,323,095	1,323,531
Creditors due within one year	6	1,213,615	1,213,615
Net current asset		<u>109,480</u>	<u>109,916</u>
Total assets less current liabilities		<u>2,356,801</u>	<u>2,357,237</u>
Capital and reserves			
Called up equity share capital	7	2,775,813	2,775,813
Share premium account	8	941,838	941,838
Capital redemption reserve	8	337,500	337,500
Profit and loss account	8	(1,698,350)	(1,697,914)
		<u>2,356,801</u>	<u>2,357,237</u>

Approved by the Board on 20 December 2000



G R Dunn

Director

NOTES TO THE ACCOUNTS
for the year ended 30 April 2000

1 ACCOUNTING POLICIES

Basis of accounting.

The accounts are prepared on the historical cost basis of accounting and all applicable accounting standards have been complied with.

Group accounts

The company is exempt from the obligation to prepare and deliver Group accounts under S.228 of the Companies Act 1994. The parent undertaking, F.I.GROUP PLC, is registered in England and Wales.

Under the provisions of FRS1, the company is not required to include a cash flow statement in these accounts. A Consolidated cash flow statement is prepared by the parent undertaking, and includes the results of this Company and its subsidiary undertakings.

Depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment and software	20% - 33.3%
Furniture, fixtures and equipment	10% - 33.3%

Leasehold improvements are amortised over the period of current rent review.

Deferred taxation.

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

2 OPERATING PROFIT

All business is transacted within the United Kingdom and the Directors consider that the Company operates one continuing class of business, namely the provision of management services to the Kernal Group of Companies.

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation - owned assets	-	37,172

3 DIRECTORS

The Directors received no remuneration from Firth Solutions Limited in either 2000 or 1999. They are remunerated for the services to this and other Group companies by F.I.GROUP PLC, and details of their remuneration is disclosed in the accounts of that Company.

Firth Solutions Limited

Notes to the Accounts

continued

4 INVESTMENTS

	£
Cost	
At 1 May 1999 and 30 April 2000	<u>3,628,169</u>
Provisions against investments	
At 1 May 1999 and 30 April 2000	<u>1,380,848</u>
Net book values:	
At 1 May 1999 and 30 April 2000	<u>2,247,321</u>

The following subsidiary undertakings are wholly owned

Name of Company	Country of incorporation (or registration) and operation	Class of share held	Nature of Business
Subsidiary undertakings			
FI Kernel Limited	England	Ordinary shares	Non-trading
FI Academy Limited	England	Ordinary shares	Computing services

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount at which they are stated in the accounts.

5 DEBTORS

	2000 £	1999 £
Amounts due from parent and subsidiary undertaking	1,323,095	1,323,531
	<u>1,323,095</u>	<u>1,323,531</u>

6 CREDITORS: amounts falling due within one year

	2000 £	1999 £
Amounts due to subsidiary undertaking	1,213,615	1,213,615
	<u>1,213,615</u>	<u>1,213,615</u>

Firth Solutions Limited

Notes to the Accounts

continued

7	SHARE CAPITAL	2000 £	1999 £
	Authorised:		
	4,000,000 'A' Ordinary shares of £1 each	4,000,000	4,000,000
	Allotted, called up and fully paid:	2000 £	1999 £
	2,775,813 'A' Ordinary shares of £1 each	2,775,813	2,775,813

8 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total £
At 1 May 1998	2,775,813	941,838	337,500	(1,697,914)	2,357,237
Loss attributable to shareholders	-	-	-	-	-
At 30 April 1999	2,775,813	941,838	337,500	(1,697,914)	2,357,237
Loss attributable to shareholders	-	-	-	(436)	(436)
At 30 April 2000	2,775,813	941,838	337,500	(1,698,350)	2,356,801

9 OTHER FINANCIAL COMMITMENTS

At 30 April 2000 the Company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings	
	2000 £	1999 £
Operating leases which expire over five years	173,450	164,000
	173,450	164,000

10 ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest and largest group of undertakings of which the Company is a member and, for which Group accounts are prepared is the company's ultimate Holding Company, F.I.GROUP PLC, a company registered in England and Wales.

Copies of the accounts are available to the public and can be obtained from Campus 300, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TQ.

11 RELATED PARTY TRANSACTIONS

The company has used the exemption under FRS 8 not to disclose related party transactions with other Group companies, as Group accounts are prepared.

Firth Solutions Limited

Detailed Profit and Loss Account

for the year ended 30 April 2000

	2000 £	1999 £
Income		
Intergroup administration recharges	<u>-</u>	<u>37,172</u>
Operating Costs		
Depreciation	<u>-</u>	<u>37,172</u>
Operating Profit	<u>-</u>	<u>-</u>