



Ise-net Solutions Limited

(formerly Mobile Phone Surplus Store Limited)

Report and accounts

for the 15 months ended 31 March 2001

Registered number: 2881162



Directors' report

For the period ended 31 March 2001

The directors present their annual report on the state of affairs of the company, together with the accounts and auditors' report, for the 15 month period ended 31 March 2001.

Principal activity

The company commenced trading in the period.

The principal activity of the company is the provision of IT services, data processing and consultancy to other group companies.

Results and business review

On 23 October 2000, the company changed its name to Ise-net Solutions Limited.

The loss for the financial period was £2,022,541.

Dividends

The directors do not recommend a final dividend.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 group 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 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.

Directors' report (continued)

Directors

The directors who served during the period and subsequently were as follows:

C.W. Dunstone

D.P.J. Ross

C.W. Dunstone and D.P.J. Ross are directors of the ultimate parent company, The Carphone Warehouse Group PLC, and their interests are disclosed in the accounts of that company.

Employees

The company places emphasis on its employees' involvement in the business at all levels. Managers are remunerated according to results wherever possible and all staff are kept informed of issues affecting the company through formal and informal meetings and through the company's internal magazine.

It is the company's policy to assist the employment of disabled people, their training and career development, having regard to particular aptitudes and abilities. Every endeavour is made to find suitable alternative employment and to re-train any employee who becomes disabled while serving the company.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing period.

By order of the Board,



T. O'Gorman

Secretary

15 March 2002

Wales Farm Road
North Acton Business Park
London
W3 6RS

Independent auditors' report to the shareholders of Ise-net Solutions Limited

We have audited the financial statements of Ise-net Solutions Limited for the 15 months ended 31 March 2001 which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 state of affairs of the company at 31 March 2001 and of the company's loss for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

15 March 2002

Profit and loss account.

For the 15 months ended 31 March 2001

	Notes	15 months ended 31 March 2001 £	Year ended 31 December 1999 £
Turnover	2	4,992,598	-
Cost of sales		(3,224,996)	-
Gross profit		1,767,602	-
Operating expenses		(3,633,821)	-
Operating loss		(1,866,219)	-
Interest payable	3	(156,322)	-
Loss on ordinary activities before taxation	4	(2,022,541)	-
Tax on profit on ordinary activities	7	-	-
Loss on ordinary activities after taxation		(2,022,541)	-
Retained loss for the period		(2,022,541)	-

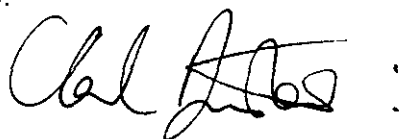
The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains and losses in either period other than the loss for that period.

Balance sheet
As at 31 March 2001

	Notes	31 March 2001 £	31 December 1999 £
Fixed assets			
Tangible assets	8	6,681,650	-
		<u>6,681,650</u>	<u>-</u>
Current assets			
Debtors	9	5,369,482	2
		<u>5,369,482</u>	<u>2</u>
Creditors: Amounts falling due within one year	10	(12,256,788)	-
Net current (liabilities)/assets		<u>(6,887,306)</u>	<u>2</u>
Total assets less current liabilities		(205,656)	2
Creditors: Amounts falling due after more than one year	11	(1,816,883)	-
Net (liabilities)/assets		<u>(2,022,539)</u>	<u>2</u>
Capital and reserves			
Called-up share capital	12	2	2
Profit and loss account	13	(2,022,541)	-
Shareholders' funds		<u>(2,022,539)</u>	<u>2</u>

The accounts on pages 5 to 12 were approved by the board of Directors on 15 March 2002 and signed on its behalf by:



C. Dunstone

Director

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

Notes to the accounts

For the period ended 31 March 2001

1 Accounting policies

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

a) *Basis of accounting*

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

The directors have received confirmation from the ultimate parent company that it will provide financial support to allow the company to meet its liabilities, as they fall due, for a period of not less than twelve months of the date of signing of these accounts.

The company has taken advantage of the exemption available under FRS1 not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of The Carphone Warehouse Group PLC registered in England and Wales that prepares consolidated accounts including the cashflows of the company for the period, that are publicly available.

The directors have received confirmation from the ultimate parent company that it will provide financial support to allow the company to meet its liabilities, as they fall due, for a period of not less than twelve months from the date of signing of these accounts.

b) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected life, as follows:

Plant and machinery	3-4 years
Fixtures and fittings	5 years
Motor vehicles	4 years

c) *Development costs*

The costs of internally developed software are written off to the profit and loss account in the period incurred.

d) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) *Pension costs and other post retirement benefits*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the accounts

For the period ended 31 March 2001

1 Accounting policies (continued)

f) Foreign currency

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.

g) Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

h) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

2 Turnover

Turnover is wholly attributable to the principal activity of the company, being the provision of IT services, data processing and consultancy to other group companies.

3 Interest payable

	15 months ended 31 March 2001 £	Year ended 31 December 1999 £
Interest payable to other group companies	156,322	-

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting) the following:

	15 months ended 31 March 2001 £	Year ended 31 December 1999 £
Depreciation and amounts written off tangible fixed assets		
- owned assets	3,380,412	-
Rental payments under operating leases:		
- land and buildings	-	-
- other	-	-

Audit fees are borne by the ultimate parent company.

Notes to the accounts (continued)

5 Employee costs

The average monthly number of employees (excluding executive directors) was:

	31 March 2001 Number	31 December 1999 Number
IT staff	<u>68</u>	<u>-</u>

Their aggregate remuneration comprised:

	31 March 2001 £	31 December 1999 £
Wages and salaries	2,899,992	-
Social security costs	274,895	-
Other pension costs	50,106	-
	<u>3,224,993</u>	<u>-</u>

6 Directors' remuneration

No director received any remuneration for the year ended 31 March 2001. Charles Dunstone and David Ross are also directors of the ultimate holding company. Their emoluments and interests are disclosed in the accounts of The Carphone Warehouse Group PLC, which are publicly available. 2 (1999 - 2) directors are members of money purchase pension schemes.

7 Tax on profit on ordinary activities

	15 months ended 31 March 2001 £	Year ended 31 December 1999 £
UK corporation tax	<u>-</u>	<u>-</u>

Notes to the accounts (continued)

8 Tangible fixed assets

	Computer and office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2000	-	-	-
Additions	10,042,908	19,154	10,062,062
At 30 March 2001	<u>10,042,908</u>	<u>19,154</u>	<u>10,062,062</u>
Depreciation			
At 1 January 2000	-	-	-
Charge for the period	3,362,302	18,110	3,380,412
At 31 March 2001	<u>3,362,302</u>	<u>18,110</u>	<u>3,380,412</u>
Net book value			
At 31 March 2001	<u>6,680,606</u>	<u>1,044</u>	<u>6,681,650</u>
At 1 January 2000	<u>-</u>	<u>-</u>	<u>-</u>

9 Debtors

	31 March 2001 £	31 December 1999 £
Amounts owed by group undertakings	4,986,341	-
Called up share capital not paid	2	2
Prepayments and accrued income	383,139	-
	<u>5,369,482</u>	<u>2</u>

10 Creditors (amounts falling due within one year)

	31 March 2001 £	31 December 1999 £
Amounts due to group undertakings	(11,471,783)	-
Accruals and deferred income	(785,005)	-
	<u>(12,256,788)</u>	<u>-</u>

Notes to the accounts (continued)

11 Creditors (amounts falling due after more than one year)

	31 March 2001 £	31 December 1999 £
Amounts due to group undertakings	<u>(1,816,883)</u>	<u>-</u>

12 Share capital

	31 March 2001 £	31 December 1999 £
<i>Authorised</i>		
1,000 'A' ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Issued, called-up and allocated</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 Reserves

	Profit and loss account £
At 1 January 2000	-
Loss for the period	<u>(2,022,541)</u>
At 31 March 2001	<u>(2,022,541)</u>

14 Reconciliation of movements in shareholders' funds

	31 March 2001 £	31 December 1999 £
Loss for the financial period	<u>(2,022,541)</u>	<u>-</u>
Net reduction in shareholders' funds	<u>(2,022,541)</u>	<u>-</u>
Opening shareholders' funds	<u>2</u>	<u>-</u>
Closing shareholders' funds	<u>(2,022,539)</u>	<u>-</u>

15 Financial commitments

There was no expenditure contracted, but not provided for in the financial statements (1999 - £nil).

Notes to the accounts (continued)

16 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 for related party transactions with other group companies and with directors who are also group directors, as 90% of the voting rights are controlled within the group. The ultimate parent company, The Carphone Warehouse Group PLC, has prepared consolidated accounts which include the results of the company for the period and are available to the public.

17 Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is The Carphone Warehouse Group PLC, a company registered in England and Wales.

The only group of which Ise-net Solutions Limited is a member and for which group financial statements are drawn up is that headed by The Carphone Warehouse Group PLC, whose principal place of business is at Wales Farm Road, London, W3 6RS. The consolidated accounts of this group are available to the public and may be obtained from Companies House.

18 Pension scheme

The company operates a defined contribution scheme for which the pension cost charge for the period amounted to £50,106 (1999 - £nil).