

PARITY LIMITED

(Registered Number 1146236)

Report and Financial Statements for the year ended 31 December 2000



The Directors present their Report and the audited financial statements for the year ended 31 December 2000.

Results

The profit for the year before taxation was £9,794,000 (1999 – loss of £3,705,000) after charging exceptional items of £nil (1999- £1,727,000). The retained profit for the year was £9,794,000 (1999 – loss of £26,445,000), after a tax credit of £nil (1999 – credit of £647,000) and dividends of £nil (1999 - £23,387,000).

Dividends

The Directors do not recommend a final dividend (1999 – £nil). Total dividends for the year were £nil (1999 - £23,387,000).

Principal Activities

The Company was the publicly quoted holding company of the Parity Group up until 5 July 1999. From this date Parity Group plc became the publicly quoted holding company of Parity plc by means of a Scheme of Arrangement approved by the High Court of Justice in England and Wales. The Scheme of Arrangement was undertaken to provide flexibility in the development of the organisation and structure of the businesses. Following this reorganisation shareholders received three 5p ordinary shares in Parity Group plc for each 5p ordinary share previously held in Parity plc. As a result each shareholder's percentage holding remained unchanged. The Company changed its name to Parity Limited on 1 October 1999. The company did not trade in 2000.

Board of Directors

The Directors of the Company who held office during the year and subsequently are as follows:

R. Bacon	
R. King	(Resigned 9 July 2001)
P.E. Swinstead	(Resigned 5 March 2001)
I. Miller	(Appointed 5 March 2001)
A. Leyshon	(Appointed 10 July 2001)

Directors' Interests

Following the Scheme of Arrangement the interests of the Directors in the ordinary share capital of the Company were converted into interests in the share capital of Parity Group plc. The Directors of the Company are also directors of Parity Group plc, the ultimate parent company, and their interests in the share capital of Parity Group plc as at 31 December 2000 are set out in the financial statements of that company for the year then ended.

Payments to Suppliers

Creditor days have not been calculated for the Company as it has no trade creditors.

Contributions for Charitable and Political Purposes

The Company made no charitable contributions during 2000 (1999- £46,150). No payments were made for political purposes (1999 - £nil).

Auditors

Resolutions will be proposed at the Annual General Meeting to reappoint PricewaterhouseCoopers as auditors and to authorise the Directors to determine their remuneration.

By order of the Board



A.J. Leyshon
Secretary
30 October 2001

The Directors are required by company law to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results for the year.

In preparing the accounts the Directors are required to select suitable accounting policies and apply them consistently, make reasonable and prudent judgements and estimates and state whether applicable accounting standards have been followed. It is the responsibility of the Directors to 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 ensuring proper procedures exist for the maintenance of adequate accounting records. They are also responsible for the Company's system of internal financial controls and 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 Parity Limited

We have audited the financial statements on pages 5 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as described on page 3 to the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

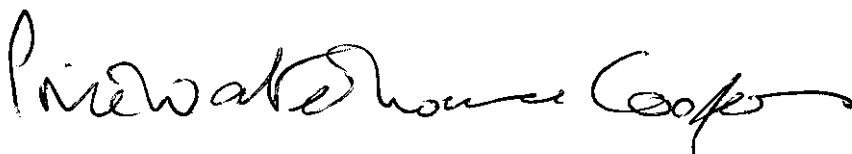
Basis of opinion

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 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 affairs of the Company as at 31 December 2000 and of the profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

1 Embankment Place, London, WC2N 6RH

30 October 2001

Parity Limited

Profit and Loss Account
For the year ended 31 December 2000

		2000	1999		
	Notes	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Net Operating Income/(Expenditure)	2	780	(2,006)	(1,727)	(3,733)
OPERATING PROFIT/(LOSS)		780	(2,006)	(1,727)	(3,733)
Income from shares in Group undertakings		9,110	-	-	-
Net interest receivable	5	-	28	-	28
Amounts written off investments		(96)	-	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		9,794	(1,978)	(1,727)	(3,705)
Taxation on ordinary activities	6	-	392	255	647
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		9,794	(1,586)	(1,472)	(3,058)
Dividends	7	-	(23,387)	-	(23,387)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	9,794	(24,973)	(1,472)	(26,445)

There were no recognised gains or losses other than the profit (1999 – loss) for the year.

Parity Limited

Balance Sheet
At 31 December 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets		-	-
Investments	8	46,014	37,000
		<u>46,014</u>	<u>37,000</u>
CURRENT ASSETS			
Debtors	10	7,570	6,790
Cash at bank and in hand		-	-
		<u>7,570</u>	<u>6,790</u>
NET CURRENT ASSETS		<u>7,570</u>	<u>6,790</u>
NET ASSETS		<u>53,584</u>	<u>43,790</u>
CAPITAL AND RESERVES			
Called up share capital	11	2,510	2,510
Share premium account	12	36,484	36,484
Other reserves	12	5,132	5,132
Profit and loss account	12	9,458	(336)
		<u>53,584</u>	<u>43,790</u>
EQUITY SHAREHOLDERS' FUNDS		<u>53,584</u>	<u>43,790</u>

Approved by the Board of Directors on 30 October 2001.



A. Leyshon
Director

Parity Limited

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2000

	<i>2000</i>	<i>1999</i>
	<i>Total</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>
Profit for the year attributable to shareholders	9,794	(3,058)
Dividends	-	(23,387)
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Retained profit/(loss) for the year	9,794	(26,445)
Share capital issued	-	1,176
	<hr/>	<hr/>
Net increase/(decrease) in shareholders' funds	9,794	(25,269)
Shareholders' funds at start of year	43,790	69,059
	<hr/>	<hr/>
Shareholders' funds at end of year	53,584	43,790
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1. ACCOUNTING POLICIES

Accounting convention

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

Deferred taxation

Deferred taxation is provided on 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 estimated that tax will be payable.

Foreign currencies

Exchange differences arising in the normal course of trading and on the translation of monetary assets and liabilities are dealt with in the profit and loss account.

Operating lease commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Pensions

Contributions in respect of defined contribution schemes are charged to the profit and loss account when incurred.

Cash flow statement

The Company is a wholly owned subsidiary of Parity Group plc and is included in the consolidated financial statements of Parity Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

2. NET OPERATING COSTS

	2000 £'000	1999 £'000
Staff costs		
- wages and salaries	-	1,153
- social security costs	-	171
- other pension costs	-	136
Auditors' remuneration	-	73
Exchange (gains)/ losses	-	(112)
Exceptional items	-	1,727
Other operating income	(780)	(21)
Other operating costs	-	606
	<hr/>	<hr/>
	(780)	3,733
	<hr/>	<hr/>

1999 exceptional costs of £1,727,000 were incurred in respect of the Scheme of Arrangement and associated corporate finance activities (£1,090,000) and the restructuring of the Board and senior management (£637,000). There were no exceptional costs in 2000.

Fees for non audit services payable to PricewaterhouseCoopers in 2000 were nil (1999 - £378,000).

3. DIRECTORS' EMOLUMENTS

	2000 £'000	1999 £'000
Total Emoluments comprise		
Salary and fees	-	368
Performance related bonus	-	158
Benefits in kind	-	31
Company contributions paid to money purchase pension schemes	-	42
	<hr/>	<hr/>
	-	599
	<hr/>	<hr/>
Emoluments of the highest paid Director comprise:		
Salary and fees	-	134
Performance related bonus	-	50
Benefits in kind	-	10
Company contributions paid to money purchase pension schemes	-	17
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	-	211
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In 2000 the directors were remunerated by Parity Group plc.

4. STAFF NUMBERS

The average weekly number of employees, including directors, during the year was 4 (1999-12).

5. NET INTEREST RECEIVABLE

	2000 £'000	1999 £'000
Bank overdrafts and loans	-	(84)
Variable rate loan notes	-	(18)
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Interest payable	-	(102)
Bank interest receivable	-	130
	<hr/>	<hr/>
Net interest receivable	-	28
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6. TAXATION ON ORDINARY ACTIVITIES

The taxation credit is made up as follows:

	2000 £'000	1999 £'000
Based on profit/(loss) for the year:		
UK corporation tax at the rate of 30% (1999 – 30.25%)	-	(647)
	<u>-</u>	<u>(647)</u>
	<u>-</u>	<u>(647)</u>

7. DIVIDENDS

	2000 £'000	1999 £'000
Ordinary – first interim paid	-	1,387
Ordinary – second interim paid	-	2,000
Ordinary – third interim paid	-	20,000
	<u>-</u>	<u>23,387</u>
	<u>-</u>	<u>23,387</u>

8. INVESTMENTS

	<i>Investment in subsidiary undertakings £'000</i>	<i>Investment in own shares £'000</i>	<i>Total £'000</i>
At 1 January 2000	37,000	-	37,000
Additions	<u>9,110</u>		<u>9,110</u>
	46,110		46,110
Amounts written off investments	<u>(96)</u>		<u>(96)</u>
At 31 December 2000	<u>46,014</u>	-	<u>37,000</u>

9. SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings of the Group which are wholly owned and registered in England, except where indicated are as shown below.

All of the subsidiary undertakings have the same accounting reference date except for Comtec, which prepared accounts to 30 September prior to acquisition. Comtec's accounting reference date was changed to 31 December on 6 February 2000.

Name of company

Parity Solutions Limited	EuroSoft TPI GmbH* (Registered in Germany)
Parity Solutions (Ireland) Limited	Parity EuroSoft SARL* (Registered in France)
(Registered in Northern Ireland)	Parity EuroSoft SA* (Registered in Switzerland)
Parity Training Limited	Parity EuroSoft BV* (Registered in The Netherlands)
Parity Resources Limited	Parity EuroSoft SA* (Registered in Belgium)
Parity EuroSoft Limited	Parity International BV (Registered in The Netherlands)
Parity Selection Limited	Parity Solutions BV* (Registered in The Netherlands)
Comtec Computer Training Limited	Parity Resources (Ireland) Limited*
Interactive Developments Limited	(Registered in the Republic of Ireland)
TMS Information Solutions Limited	Parity US Holdings Inc. * (Registered in USA)
Parity EuroSoft GmbH* (Registered in Germany)	TelTech International Corp* (Registered in USA)
	Personnel Solutions Inc. * (Registered in USA)

* held by a subsidiary undertaking.

The main activity of these subsidiary undertakings is the provision of IT services.

10. DEBTORS

	<i>2000 £'000</i>	<i>1999 £'000</i>
Amounts owed by the ultimate holding company	<u>7,570</u>	<u>6,790</u>

Notes to the Accounts continued

At 31 December 2000

11. SHARE CAPITAL

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Authorised :		
68,000,000 ordinary shares of 5p each		
(1999 – 68,000,000 ordinary shares of £1 each)	3,400	3,400
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Shares capital allotted, called up and fully paid :		
50,208,665 ordinary shares of 5p each	2,510	2,510
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12. RESERVES

	<i>Ordinary share capital £'000</i>	<i>Share premium £'000</i>	<i>Special reserve £'000</i>	<i>Profit & loss account £'000</i>	<i>Total £'000</i>
Shareholders funds as at 1 January 2000	2,510	36,484	5,132	(336)	43,790
Retained profit for the year	-	-	-	9,794	9,794
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Shareholders funds as at 31 December 2000	2,510	36,484	5,132	9,458	53,584
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13. ULTIMATE PARENT COMPANY

Parity Group plc, which is registered in England and Wales, is the ultimate parent company and is the largest and smallest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 December 2000 for Parity Group plc can be obtained from the Secretary, 16 St Martin's Le Grand, London, EC1A 4 NA.