

ARM Group Limited
Directors' report and financial
statements
Registered number 2578069
Year ended 31 March 2000
12/7/00



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Directors' report

The directors present their report and the audited accounts for the 52 weeks ended 31 March 2000.

Results and dividends

The profit after taxation for the period amounts to £4,360,000 (1999: £3,313,000) and is dealt with as shown in the profit and loss account.

An interim dividend of £4,295,000 was paid during the period (1999: £3,313,000). The directors do not recommend payment of a final dividend (1999: £Nil).

Principal activities and review of business developments

The principal activity of the Company has continued to be that of the holding company of ARM Services Limited (Formerly ARM Utilities Services Limited) and its subsidiaries.

On 6 December 1999 the previous owner of the company, Semara Plc, sold its entire holdings in the company to ARM Services Group Limited (Formerly Dialmode (183) Limited). The change is not expected to have any impact on the activities of the company.

Fixed assets

There were no movements on fixed assets during the year.

Share capital

Full details of all movements in share capital are set out in note 10.

Year 2000

The Company did not encounter any significant issues in relation to the Year 2000. Costs associated with Year 2000 compliance were immaterial.

Introduction of the Euro

The directors are aware of the potential impact of the introduction of the Euro. The effects on the business are not expected to be significant and costs will be expensed to the profit and loss account when incurred.

Directors and directors' interests

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

D Gawler	(resigned 6/12/99)
J A Philips	(resigned 31/3/99)
R B Johnson	
S Keogh	
O G McLaughlin	
D W Nesbit	(resigned 6/12/99)
R A Careless	(resigned 6/12/99)

The interests of the directors in the shares of the ultimate holding company are disclosed in the financial statements of that company. None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Directors' report *(continued)*

Disabled persons

It is the Company policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions in the ARM Services Group Limited.

Employee involvement

The Company is committed to involve all employees in the performance and development of the Company, with regular communication through the ARM newsletter, cascade and other team meetings. Employees are also encouraged to discuss with management any matters of interest to the employees and subjects affecting day to day operations of the Company.

Political and charitable contributions

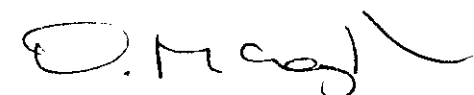
The Company made no political contributions during the year. Donations to UK charities amounted to £Nil.

Auditors

KPMG were appointed as auditors to the company during the year.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



OG McLaughlin
Director

Lancaster House
Centurion Way
Leyland
Lancashire
PR5 1TZ

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.



St James' Square
Manchester M2 6DS
United Kingdom

Report of the auditors to the members of ARM Group Limited

We have audited the financial statements on pages 5 to 10 .

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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 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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

18th July 2000

Profit and loss account
for the year ended 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover		399	-
Cost of sales		(318)	-
Gross and operating profit	2	81	-
Income from shares in group undertakings	5	4,295	3,313
Profit on ordinary activities before taxation	2-4	4,376	3,313
Tax on profit on ordinary activities	6	(16)	-
Profit on ordinary activities after taxation		4,360	3,313
Profit for the financial year		4,360	3,313
Dividends on equity	7	(4,295)	(3,313)
Retained profit for the year		65	-

The Group has no recognised gains or losses other than the loss for the year shown above and all activities relate to continuing operations.

Balance sheet
at 31 March 2000

	<i>Note</i>	2000 £000	2000 £000	1999 £000	1999 £000
Fixed assets					
Tangible assets					
Investments			2,609		2,609
			<hr/>		<hr/>
			2,609		2,609
Current assets					
Debtors	8	1,438		2,800	
		<hr/>		<hr/>	
		1,438		2,800	
Creditors: amounts falling due within one year	9	40		1,467	
		<hr/>		<hr/>	
Net Current Assets			1,398		1,333
			<hr/>		<hr/>
Total assets less current liabilities			4,007		3,942
Creditors: amounts falling due after more than one year			-		-
			<hr/>		<hr/>
Net assets			4,007		3,942
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	10		1,918		1,918
Share premium account	11		42		42
Revaluation reserve			-		-
Other reserves	11		1,817		1,817
Profit and loss account	11		230		165
			<hr/>		<hr/>
Shareholders' funds			4,007		3,942
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 17 JULY 2000
its behalf by:

and were signed on



OG McLaughlin



S Keogh

Directors

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 group'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.

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:

Plant and machinery	2 to 10 years
Motor vehicles	1 to 10 years
Fixtures and fittings	3 to 7 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. 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

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

Notes (continued)

2 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Rental payments	174	-

3 Remuneration of directors

The directors received no remuneration during the current or previous periods.

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	
	2000	1999
Administration	5	5

There was no payroll costs for these persons in the current or previous periods.

5 Income from shares in group undertaking

	2000 £000	1999 £000
Dividends receivable from group undertakings	4,295	3,313

6 Taxation

	2000 £000	1999 £000
<i>UK corporation tax</i>		
Current tax on income for the period	16	-

Notes *(continued)*

7 Dividends and other appropriations

	2000 £000	1999 £000
Equity shares:		
Interim dividend paid	4,295	3,313
Final dividend proposed	-	-
	<hr/>	<hr/>
	4,295	3,313
	<hr/>	<hr/>

8 Debtors

	2000 £000	1999 £000
Amounts owed by group undertakings	1,398	2,738
Other debtors	-	20
Prepayments and accrued income	40	42
	<hr/>	<hr/>
	1,438	2,800
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	-	72
Amounts owed to group undertakings	-	1,395
Taxation and social security	30	-
Accruals and deferred income	10	-
	<hr/>	<hr/>
	40	1,467
	<hr/>	<hr/>

Notes (continued)

10 Called up share capital

	2000 £000	1999 £000
Authorised		
1,919,000: Ordinary shares of £1 each	1,919	1,919
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,918,048: Ordinary shares of £1 each	1,918	1,918
	<hr/>	<hr/>

11 Share premium and reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At beginning of year	42	1,817	165
Retained profit for the year	-	-	65
	<hr/>	<hr/>	<hr/>
At end of year	42	1,817	230
	<hr/>	<hr/>	<hr/>

12 Ultimate parent company

The ultimate parent company of the company is ARM Services Group Limited, incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated group financial statements are available from the Secretary, ARM Services Group Limited, Lancaster House, Centurion Way, Leyland, Lancashire, PR5 1TZ.