


VOSS NET PLC
REPORT AND ACCOUNTS
31 DECEMBER 2001



A46 *AJ349CTE* 0529
COMPANIES HOUSE 26/07/02

Page No.

1	Directors and advisers
2 to 3	Chairman's statement
4 to 7	Report of the directors
8	Report of the auditors
9	Group profit and loss account
10	Group balance sheet
11	Pro Forma Group balance sheet
12	Company balance sheet
13	Group cash flow statement
14 to 26	Notes to the financial statements
27 to 28	Notice of Annual General Meeting

Directors	Barry J. O'Connell (Non-executive Chairman) Jeremy A. Gilbert (Chief Executive)
Secretary and registered office	Martha Bruce 5 Waterside Drive Langley Berkshire SL3 6EZ
Registered number	2918391
Auditors	Wilkins Kennedy BRB House 180 High Street Egham Surrey TW20 9DN
Nominated adviser and broker	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF
Bankers	National Westminster Bank Plc Chilterns Corporate Business PO Box 412, Rapid House 40 Oxford Road High Wycombe Bucks HP11 2EF
Solicitors	Watson, Farley & Williams 15 Appold Street London EC2A 2HB
Registrars	Capita IRG Plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

Last year was ultimately very difficult for your company, culminating in the suspension of trading in the shares in October, followed by the refinancing announced in November which was successfully completed shortly after the year end. We have made good progress since then in providing training under the Learndirect initiative and we are now running two centres – in London and in Surrey.

The refinancing followed an important shift in the Company's business during 2001, where we changed our main focus to training, delivering internet and IT courses to over 3500 people between February and October. The majority of our customers were, however, financially supported by the Government's Individual Learning Account scheme which was summarily terminated in October, contrary to all earlier indications. The unexpected termination of this scheme was a severe setback for your Company, and that is why we needed to carry out a significant cost reduction programme and the refinancing.

We had already started investigating ways of broadening our training activities and we started operating a Learndirect Centre in London in November 2001, working in partnership with City and Islington College. This was done on a trial basis with a target of enrolling 100 students up to the end of December. That target was exceeded, which led to our agreement with City and Islington College being extended, and we are currently working towards a longer term agreement for the operation of this Centre.

In March 2002, we started operating another Learndirect Centre in Egham, Surrey, in partnership with Strode's College. Results to date for this centre have been very satisfactory.

Internet Business

As announced at the time of the refinancing in November, we took the decision that we would exit from our internet businesses and concentrate on training. The first step was the disposal of our Herald web site business which was sold in November for £50,000. We will exit from our remaining internet business at the earliest opportunity.

Sigma

This business, producing software systems principally for the freight forwarding industry, had a much improved second half, having achieved a number of new orders. Progress has been maintained in the current year with new orders continuing at a satisfactory level.


Financial

The loss before tax for the year amounted to £1,022,000 on turnover of £921,000. Your directors do not recommend the payment of a dividend. These results were significantly affected by our decision to exit from the Internet business and particular factors included:

- The writing off of all capitalised research and development of £208,000
- The writing off of the value of our internet system subsidiary, Iposs Limited, amounting to £174,000
- The writing down of the carrying value of Sigma by £152,000 to reflect both the performance of that business as well as the general reduction in valuations of internet and software businesses over the last year
- The redundancy costs incurred as part of the cost reduction programme

Outlook

Our two Learndirect Centres have performed well and we have enrolled over 500 students between November 2001 and the end of March 2002 with resulting revenues of approximately £90,000 for that period from our training activities. Based on current trends, we expect our training business to establish profitability in the next few months, thereby giving us firm foundations for expanding and broadening our training activities further.

A handwritten signature in black ink, appearing to read 'Barry O'Connell', is written over a horizontal line.

Barry O'Connell

16 April 2002

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

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 the affairs of the company and the group and of the profit or loss for that year.

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; and

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 the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year was £1,004,173 which has been added to the accumulated deficit on the profit and account.

The directors are unable to recommend the payment of a dividend for the year

Principal activity and business review

The principal activity of the company continued to be that of a holding company. The principal activities of the group are the provision of IT and internet training and, through Sigma Freight Systems Limited, the supply of software systems for the freight forwarding industry. During the year, the group continued the development, sale and hosting of web sites and e commerce systems and also provided paid and branded free access internet services. The company announced on 28 November 2001 that it would withdraw from its internet business to concentrate on its training activities and also announced the sale of its Herald web system business.

Fixed assets

Movements in fixed assets in the year are shown in the notes to the financial statements.

Research and development

The group completed its development of e-commerce and other software products during 2001 and direct costs incurred in the year together with the balance of unamortised expenditure brought forward have been written off in the year.

Future development of the business

The group intends to continue expanding its training business and to complete its withdrawal from internet related business at the appropriate time.

Directors and their interests

The current directors are listed on page 1. R Burns also served throughout the year and resigned on 31 January 2002. A.C.G. Bergbrant also served in the year until his resignation on 26 October 2001.

J.A. Gilbert held 544,444 shares at 31 December 2001 (322,222 - 31 December 2000). R Burns had a 25% indirect interest in 55,555 shares at 31 December 2001 (55,555 - 31 December 2000) and, in addition, held 22,222 shares at 31 December 2001 (nil - 31 December 2000).

On 23 April 2001, J.A. Gilbert was granted an option to subscribe for 150,000 new ordinary shares, exercisable from 1 December 2002 to 22 April 2011, at a price of 26p per share. On 25 April 2001, he was also granted an option to subscribe for up to 4% of the Company's issued shares, subject to certain conditions. Both these options were released on 15 April 2002. On 16 April 2002, J.A. Gilbert was granted an option to subscribe for 2,500,000 new ordinary shares, exercisable from 16 April 2003 to 15 April 2012, at a price of 1p per share.

B.J. O'Connell was granted on 23 April 2001 an option to subscribe for 50,000 new ordinary shares, exercisable from 22 April 2004 to 22 April 2011, at a price of 26p per share. He was also granted on 17 January 2002 an option to subscribe for 750,000 new ordinary shares, exercisable from 17 January 2003 to 16 January 2012, at a price of 1p per share.

R. Burns was granted on 23 April 2001 an option to subscribe for 100,000 new ordinary shares, exercisable from 1 December 2002 to 23 April 2011 at a price of 26p per share.

B.J. O'Connell is a non-executive director. He was chief executive of KP Foods, a subsidiary of United Biscuits (Holdings) plc, until his retirement in 1991. Since then, he has held a number of directorships of public and private companies and is currently chairman of The Snack Factory Limited and a director of London Associated Properties plc.

Creditor payment policy

The group's policy is to agree the terms and conditions with their suppliers.

Payments are then generally made on the basis of the agreement, provided the suppliers conform with the terms and conditions stipulated and that funds permit.

The amount of trade creditors shown in the balance sheet at 31 December 2001 represents 194 days of average purchases during the year for the company and 122 days for the group.

Special Business – explanatory note

Resolutions will be proposed at the Annual General Meeting as set out in the formal notice at the end of this document. The following explanatory notes relate to Resolutions numbered 4 and 5 which will constitute Special Business.

- (i) Resolution 4 - The Directors currently have a general authority to allot unissued shares of the Company. Resolution 4 is proposed as an Ordinary Resolution to renew the Directors' authority to issue ordinary shares up to an aggregate nominal amount of £310,650, and such authority to expire on the date being 5 years from the date of passing of this Resolution. The Directors have no present intention of exercising this authority. This authority represents 91.5 per cent of the nominal value of the Company's issued share capital.
- (ii) Resolution 5 is to renew the Directors' authority to allot relevant securities up to a nominal value of £150,000 representing 44.2 per cent of the nominal value of the Company's issued share capital and to authorise (a) the allotment of relevant securities pursuant to options granted or to be granted to Jeremy Gilbert and to Barry O'Connell as announced in the circular letter to shareholders dated 28 November 2001 and (b) the allotment of relevant securities pursuant to options granted under the Voss Net plc Executive Share Option Scheme 1999 or otherwise. This will provide the Directors with the authority to issue ordinary shares of 1p each for cash when the Board considers it to be in the best interests of shareholders and to allot ordinary shares of 1p each pursuant to any options granted by the Board to employees or directors in accordance with the Board's existing authorities. Such authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of passing of this Resolution.
- (iii) The provisions of section 142 of the Companies Act 1985 require the directors of a public company, where there has been a serious loss of capital, to convene an extraordinary general meeting for the purpose of considering whether any, and if so what, steps should be taken to deal with the Company's situation. The directors believe on the information available to them as set out in these accounts that the Company has suffered such a loss of capital, which has resulted from the matters referred to in the circular letter to shareholders dated 28 November 2001 and also referred to in the Chairman's statement in this annual report.

The directors therefore propose that as part of the special business of the Annual General Meeting consideration will be given to this matter. The refinancing announced in the circular letter to shareholders dated 28 November 2001 was completed shortly after the year end and the directors consider that completion of this refinancing has addressed this matter.

Report of the directors continued
for the year ended 31 December 2001

Substantial shareholdings

At 26 March 2002, the company was aware of the following shareholdings of more than 3% of its issued ordinary share capital:

	Number	%
Fiske Nominees Limited	4,110,000	12.11
J.A. Gilbert	3,544,444	10.45
Westcombe Investments Limited	1,787,498	5.27

Auditors

The Auditors, Hugill, Chartered Accountants, merged with Wilkins Kennedy on 1 May 2001 and are now practising under that name. They have indicated that they are willing to be re-appointed at the forthcoming Annual General Meeting.

On behalf of the Board,



J.A. Gilbert
Director

16 April 2002

**Independent auditors report to the members
on the financial statements for the year ended 31 December 2001**

We have audited the financial statements of the company which comprise the Group Profit and Loss account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities included in the Report of the Directors, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

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 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 and the group as at 31 December 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Wilkins Kennedy
Chartered Accountants
Registered Auditors

BRB House
180 High Street
Egham
Surrey
TW20 9DN

16 April 2002

Group profit and loss account

For the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover			
Continuing operations	2	899,477	611,619
Discontinued operations	2	21,891	28,655
		<u>921,368</u>	<u>640,274</u>
Cost of sales	3	<u>556,858</u>	<u>301,258</u>
Gross profit	3	364,510	339,016
Administrative expenses	3	<u>1,414,827</u>	<u>936,544</u>
Operating loss			
Continuing operations	3	(1,064,339)	(599,902)
Discontinued operations	3	14,022	2,374
		<u>(1,050,317)</u>	<u>(597,528)</u>
Exceptional items			
(Loss)/profit on sale of business	4	(28,550)	50,000
Hire purchase creditor write off		62,547	-
Long-term contract costs overprovision		40,000	-
Amount written off investment		(10,000)	-
Loss on scrapping of defunct computer equipment		(35,223)	-
Irrecoverable balance of deferred consideration on sale of subsidiary undertaking		-	(84,295)
		<u>(1,021,543)</u>	<u>(631,823)</u>
Loss on ordinary activities before interest		(1,021,543)	(631,823)
Interest payable – net	6	<u>630</u>	<u>7,810</u>
Loss on ordinary activities before taxation		(1,022,173)	(639,633)
Taxation on loss on ordinary activities	7	<u>18,000</u>	<u>-</u>
Deficit for the year	18	<u>(1,004,173)</u>	<u>(639,633)</u>
Loss per share			
Basic	8	(12.81p)	(9.42p)
Adjusted	8	<u>(13.18p)</u>	<u>(8.92p)</u>


The group has no gains or losses other than the losses for the above two financial years.

The notes on pages 14 to 26 form part of these financial statements

Voss Net plc
Group balance sheet
31 December 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Intangible fixed assets	10		162,500		697,926
Tangible fixed assets	11		27,774		99,159
Investment	12		-		10,000
			190,274		807,085
Current assets					
Debtors	13	129,406		382,359	
Cash at bank and in hand		68,993		108,445	
		198,399		490,804	
Creditors: amounts falling					
Due within one year	14	378,838		360,502	
Net current (liabilities)/assets			(180,439)		130,302
Total assets less current liabilities			9,835		937,387
Creditors: amounts falling					
Due after more than one year	15		-		48,379
			9,835		889,008
Capital and reserves					
Called up share capital	17		397,960		370,182
Share premium account	18		3,832,081		3,734,859
Profit and loss account	18		(4,220,206)		(3,216,033)
			9,835		889,008
Equity shareholders' funds	19		9,835		889,008

The financial statements on pages 9 to 26 were approved by the Board of Directors on 16 April 2002 and signed:


J.A. Gilbert
Chief Executive


B.J. O'Connell
Chairman

The notes on pages 14 to 26 form part of these financial statements.

Voss Net plc
Pro forma Group balance sheet
31 December 2001

On 3 January 2002, Voss Net placed 25,550,000 new ordinary shares of 1p each at par. If the placing had been completed by 31 December 2001, the pro forma group balance sheet would have been as follows:

	£	£
Fixed assets		
Intangible fixed assets		162,500
Tangible fixed assets		27,774
		<hr/>
		190,274
Current assets		
Debtors	120,512	
Cash at bank and in hand	293,002	
	<hr/>	
	413,514	
Creditors: amounts falling		
Due within one year	364,097	
	<hr/>	
Net current assets		49,417
		<hr/>
Total assets less current liabilities		239,691
		<hr/>
Capital and reserves		
Called up share capital		652,960
Share premium account		3,806,937
Profit and loss account		(4,220,206)
		<hr/>
Equity shareholders' funds		239,961
		<hr/>

Voss Net plc
Company balance sheet
31 December 2001

			2001		2000
	Notes	£	£	£	£
Fixed assets					
Investments	12		165,315		1,117,277
Current assets					
Debtors	13	24,627		45,529	
Cash at bank		29,645		34,886	
		<u>54,272</u>		<u>80,415</u>	
Creditors: amounts falling					
Due within one year	14	159,070		200,523	
			<u>(104,798)</u>		<u>(120,108)</u>
			<u>60,517</u>		<u>997,169</u>
Capital and reserves					
Called up share capital	17		397,960		370,182
Share premium account	18		3,832,081		3,734,859
Profit and loss account	18		(4,169,524)		(3,107,872)
			<u>60,517</u>		<u>997,169</u>
Equity shareholders' funds	19		<u>60,517</u>		<u>997,169</u>

The financial statements on pages 9 to 26 were approved by the Board of Directors on 16 April 2002 and signed:



J.A. Gilbert
Chief Executive



B.J. O'Connell
Chairman

The notes on pages 14 to 26 form part of these financial statements

Group cash flow statement

for the year ended 30 December 2001

	Notes	£	2001 £	£	2000 £
Net cash outflow from operating activities	20		(141,977)		(545,607)
Returns on investments and servicing of finance					
Interest received		-		1,003	
Interest paid		-		(1,524)	
Interest on hire purchase and finance lease contracts		(630)		(7,289)	
			(630)		(7,810)
Taxation			18,000		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(75,000)		(150,000)	
Purchase of tangible fixed assets		(7,758)		(36,938)	
Sale of tangible fixed assets		4,500		900	
Investment		-		(10,000)	
			(78,258)		(196,038)
Acquisition and disposal					
Purchase of subsidiary undertaking		-		(533,660)	
Sale of business activity		48,000		50,000	
Cash at bank acquired with subsidiary		-		383,660	
			48,000		(100,000)
			(154,865)		(849,455)
Cash outflow before use of financing					
Financing					
Issues of share capital		125,000		700,000	
Expenses of issues of share capital		-		(71,741)	
Hire purchase and finance lease contracts		(9,597)		1,695	
			115,413		629,954
Decrease in cash in the year	21		(39,452)		(219,501)
Reconciliation of net cash flow to movement in net funds					
Decrease in cash in the year			(39,452)		(219,501)
Cash outflow/(inflow) from decrease/(increase) in debt			9,587		(1,695)
Change in net funds resulting from cashflows			(29,865)		(221,196)
Hire purchase creditor write off			62,547		-
Net funds at 1 January 2001			36,311		257,507
Net funds at 31 December 2001	21		68,993		36,311

The notes on pages 14 to 26 form part of these financial statements

1 Principal accounting policies

Accounting convention

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

Consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertakings from the date of acquisition and are made up to 31 December each year. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the company has not been presented.

Goodwill

Goodwill arising on consolidation representing the excess of the consideration paid for businesses over the net assets acquired is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic life of 20 years. Additional amortisation is charged to the profit and loss account where the directors consider that the current net book value is in excess of market value. Goodwill arising on acquisitions prior to 1 January 1998 was charged directly to reserves and has not been reinstated.

Turnover

Turnover represents sales invoiced to customers and amounts receivable on contracts excluding Value Added Tax. Income invoiced in advance for non-repayable maintenance contracts is included in full and a provision made for related costs of servicing the contracts.

Depreciation

Fixed assets are depreciated in equal annual instalments over their anticipated useful lives at the following rates:

Leasehold properties	over the term of the lease
Motor vehicles	25%
Furniture and fittings	15%
Equipment and computers	20%

Research and development

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with expected sales arising from the projects. All other development costs are written off in the year of expenditure.

Leased assets

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and depreciated on the same basis as shown above.

Rental costs under operating leases are charged to profit and loss account when incurred.

31 December 2001

2. Turnover

Turnover for the year was derived from the group's principal activities which were carried out wholly in the UK.

3 Operating loss

The operating loss is stated after charging and (crediting):-

	2001	2000
	£	£
Directors' emoluments	175,108	166,084
Rent of office accommodation – operating lease	53,000	53,000
Rent of motor cars – operating leases	46,003	31,039
Auditors' remuneration	9,750	9,750
Depreciation	37,367	35,625
Amortisation of intangible assets	533,876	87,102
Loss/(profit) on sale of fixed assets	2,053	(899)

For 2001, operating loss was attributable to continuing and discontinued operations as follows:

	Continuing £	Discontinued £	Total £
Turnover	899,477	21,891	921,368
Cost of sales	548,989	7,869	556,858
Gross profit	350,488	14,022	364,510
Administrative expenses	(1,414,827)	-	(1,414,827)
Operating (loss)/profit	(1,064,339)	14,022	(1,050,317)

For 2000, operating loss was attributable to continuing, acquired and discontinued operations as follows:

	Continuing £	Discontinued £	Total £
Turnover	611,619	28,655	640,274
Cost of sales	274,977	26,281	301,258
Gross profit	336,642	2,374	339,016
Administrative expenses	(936,544)	-	(936,544)
Operating (loss)/profit	(599,902)	2,374	(597,528)

4 Exceptional items

On 26 November 2001, a subsidiary undertaking, Vossnet (U.K.) Limited, sold its web hosting business, Herald, for a cash consideration of £50,000. After taking into account the costs of sale and the development expenditure costs relating to the business at net book value, a loss of £28,550 was incurred on the sale. In 2000, Vossnet (U.K.) Limited, sold part of its free Internet access business for a cash consideration of £50,000.

In the year, Vossnet (U.K.) Limited reached agreement with the other contractual party that no further payments are due under a hire purchase contract. Accordingly, the balance remaining in the company's accounting records was released to the profit and loss account in the year.

5 Directors and employees

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	445,180	412,164
Social security costs	49,489	49,669
	<u>494,678</u>	<u>461,833</u>

The average monthly number of employees, including directors, during the year was 19 (2000 - 13).

6 Interest payable – net

	2001 £	2000 £
Interest payable on:		
Bank overdraft	-	3,078
Loans from shareholders (not repayable by instalments)	-	(2,362)
Hire purchase and finance lease contracts	630	7,289
Other interest payable	-	808
Interest receivable	-	(1,003)
	<u>630</u>	<u>7,810</u>

7 Taxation on loss on ordinary activities

	2001 £	2000 £
Tax credits	18,000	-
	<u>18,000</u>	<u>-</u>

The above tax credits relate to payments received in the year from the Inland Revenue in respect of tax relief claims for research and development expenditure in the year ended 31 December 2000. Subject to agreement with the Inland Revenue, there are tax credits of £18,000 payable to the group arising from research and development expenditure in the year.

Subject to agreement with the Inland Revenue, there are tax losses of approximately £3,141,000 available to carry forward against future trading profits of the group. In addition, there are also capital losses of approximately £399,000 available to offset against future capital gains of the company.

31 December 2001

8 Loss per share

The basic loss per share is calculated by dividing the loss for the financial year by the weighted average number of ordinary shares in issue during the financial year. An adjusted loss per share has also been calculated to exclude the impact of exceptional items as follows:

	2001 £	2000 £
Loss for the financial year	(1,004,173)	(639,633)
Exceptional items:-		
Loss/(profit) on sale of business	28,550	(50,000)
Hire purchase creditor write off	(62,547)	-
Long term contract costs overprovision	(40,000)	-
Amount written off investment	10,000	-
Loss on scrapping of defunct computer equipment	35,223	-
Irrecoverable balance of deferred consideration on sale of subsidiary undertaking	-	84,295
	<u> </u>	<u> </u>
Adjusted loss for the financial year	(1,032,947)	(605,338)
	<u> </u>	<u> </u>
	No	No
Weighted average number of shares	7,837,431	6,786,838
	<u> </u>	<u> </u>
Loss per share (pence)		
Basic loss per share	(12.81p)	(9.42p)
Exceptional items:-		
Loss/(profit) on sale of business	0.36p	(0.74p)
Hire purchase creditor write off	(0.80p)	-
Long-term contract costs overprovision	(0.51p)	-
Amount written off investment	0.13p	-
Loss on scrapping of defunct computer equipment	0.45p	-
Irrecoverable balance of deferred consideration on sale of subsidiary undertaking	-	1.24p
	<u> </u>	<u> </u>
Adjusted loss per share	(13.18p)	(8.92p)
	<u> </u>	<u> </u>

9 Loss for the financial year

The loss for the financial year dealt with in the accounts of the company was £1,061,652 (2000 - loss of £1,104,284).

31 December 2001

10 Intangible fixed assets – group	Development Expenditure £	Goodwill £	Total £
Cost			
At 1 January 2001	379,324	508,637	887,961
Addition	75,000	-	75,000
Disposal	(100,000)	-	(100,000)
	<u>354,324</u>	<u>508,637</u>	<u>862,961</u>
At 31 December 2001	354,324	508,637	862,961
Amortisation			
At 1 January 2001	170,020	20,015	190,035
Charge for the year	207,754	326,122	533,876
Eliminated on disposal	(23,450)	-	(23,450)
	<u>354,324</u>	<u>346,137</u>	<u>700,461</u>
At 31 December 2001	354,324	346,137	700,461
Net book values:			
At 31 December 2001	-	162,500	162,500
	<u>209,304</u>	<u>488,622</u>	<u>697,926</u>
At 31 December 2000	209,304	488,622	697,926

31 December 2001

11 Tangible fixed assets – group

	Short Leasehold Premises £	Motor Vehicles £	Equipment Furniture and fittings £	Total £
Cost				
At 1 January 2001	24,972	8,500	267,087	300,559
Additions	-	-	7,758	7,758
Disposals	-	(8,500)	(180,366)	(188,866)
	<u>24,972</u>	<u>-</u>	<u>94,479</u>	<u>119,451</u>
At 31 December 2001	24,972	-	94,479	119,451
Depreciation				
At 1 January 2001	18,044	708	182,648	201,400
Charge for the year	3,420	1,239	32,708	37,367
Eliminated on disposals	(-)	(1,947)	(145,143)	(147,090)
	<u>21,464</u>	<u>-</u>	<u>70,213</u>	<u>91,677</u>
At 31 December 2001	21,464	-	70,213	91,677
Net book values:				
At 31 December 2001	3,508	-	24,266	27,774
	<u>3,508</u>	<u>-</u>	<u>24,266</u>	<u>27,774</u>
At 31 December 2000	6,928	7,792	84,439	99,159
	<u>6,928</u>	<u>7,792</u>	<u>84,439</u>	<u>99,159</u>

Included in tangible fixed assets are assets held under hire purchase and finance lease contracts with a net book value at 31 December 2001 of £ nil (2000 - £21,494). The depreciation charge for the year relating to these assets amounted to £6,719 (2000 - £6,188).

31 December 2001

12 Fixed asset investments

Group	Investment Other than Loans £			
Cost				
At 1 January 2001			10,000	
At 31 December 2001			<u>10,000</u>	
Amount written off				
Provided during the year			10,000	
At 31 December 2001			<u>10,000</u>	
Net book values				
At 31 December 2001			-	
At 31 December 2000			<u>10,000</u>	
Company	Loans to Group Undertakings £	Shares in Group Undertakings £	Investment Other than Loans £	Total £
Cost				
At 1 January 2001	2,018,947	971,297	10,000	3,000,244
Repayments Amount	(70,419)	(-)	(-)	(70,419)
At 31 December 2001	<u>1,948,528</u>	<u>971,297</u>	<u>10,000</u>	<u>2,929,825</u>
Amounts written off				
At 1 January 2001	1,803,967	79,000	-	1,882,967
Provided during the year	141,746	729,797	10,000	881,543
At 31 December 2001	<u>1,945,713</u>	<u>808,797</u>	<u>10,000</u>	<u>2,764,510</u>
Net book values				
At 31 December 2001	<u>2,815</u>	<u>162,500</u>	-	<u>165,315</u>
At 31 December 2000	<u>24,980</u>	<u>892,297</u>	<u>10,000</u>	<u>1,117,277</u>

12 Fixed asset investments (continued)

Information on subsidiary undertakings:

Name	Country of Registration	Class of share	Proportion held
Vossnet (U.K.) Limited	England	Ordinary	100%
Sigma Freight Systems Limited	England	Ordinary	100%
Voss Net Training Limited	England	Ordinary	100%

Vossnet (U.K.) Limited is engaged in the provision of Internet access and hosting of e-commerce and web site solutions for small and medium size enterprises. The directors are considering the disposal of that business. It was also engaged in the year in the provision of educational services funded under the government's Individual Learning Accounts scheme and subsequently through the government funded Learndirect scheme. Sigma Freight Systems Limited specialises in the development and supply of software systems for the freight forwarding industry. Voss Net Training Limited commenced trading on 1 January 2002, providing educational services through the Learndirect scheme.

13 Debtors

	Group	2001	Group	2000
	£	Company	£	Company
		£		£
Trade debtors	77,522	-	79,463	-
Other debtors	13,738	13,738	38,542	38,542
Amount recoverable on contract	-	-	225,000	-
Prepayments	38,146	10,889	39,354	6,987
	<u>129,406</u>	<u>24,627</u>	<u>382,359</u>	<u>45,529</u>

31 December 2001

14 Creditors: amounts falling due within one year

	Group £	2001 Company £	Group £	2000 Company £
Obligations under hire purchase and finance lease contracts	-	-	23,755	-
Trade creditors	216,563	75,916	263,145	23,899
Amounts due to subsidiary undertakings	-	30,266	-	155,191
Payroll, value added and other taxes	20,278	-	19,397	-
Accruals and deferred income	141,997	52,888	54,205	21,433
	<u>378,838</u>	<u>159,070</u>	<u>360,502</u>	<u>200,523</u>

15 Creditors: amounts falling due after more than one year:

	Group £	2001 Company £	Group £	2000 Company £
Obligations under hire purchase contracts	-	-	48,379	-
	<u>-</u>	<u>-</u>	<u>48,379</u>	<u>-</u>

16 Obligations under hire purchase and finance lease contracts

	Group £	2001 Company £	Group £	2000 Company £
Obligations under hire purchase and Finance lease contracts	-	-	72,134	-
Less: amounts due within one year	-	-	(23,755)	-
	<u>-</u>	<u>-</u>	<u>48,379</u>	<u>-</u>
Repayable by instalments:				
Between one and two years	-	-	8,333	-
Between two and five years	-	-	29,029	-
After more than five years	-	-	11,017	-
	<u>-</u>	<u>-</u>	<u>48,379</u>	<u>-</u>

31 December 2001

17 Called up share capital

	2001 £	2000 £
Authorised:		
10,000,000 ordinary shares of 5p each	-	500,000
65,000,000 ordinary shares of 1p each	650,000	-
7,959,196 deferred shares of 4p each	318,368	-
	<u>968,368</u>	<u>500,000</u>
Alotted, called up and fully paid:		
7,403,641 ordinary shares of 5p each	-	370,182
7,959,196 ordinary shares of 1p each	79,592	-
7,959,196 deferred shares of 4p each	318,368	-
	<u>397,960</u>	<u>370,182</u>

On 22 March 2001, the company issued 555,555 ordinary shares of 5p each at a price of 22.5p per share in order to increment working capital.

On 21 December 2001, the authorised share capital was increased by £468,368 and the issued ordinary shares of 5p each were subdivided into new ordinary shares of 1p each and deferred shares of 4p each (one new ordinary share and one deferred share for each ordinary share of 5p).

18 Reserves

Group	Share premium Account £	Profit and loss Account £
At 1 January 2001	3,734,859	(3,216,033)
Deficit for the year	-	(999,173)
Premium on allotment of shares	97,222	-
	<u>3,832,081</u>	<u>(4,215,206)</u>

Goodwill written off on acquisition of a subsidiary company in 1994 amounted to £399,458 and was charged to the profit and loss account.

Company	Share Premium Account £	Profit and loss Account £
At 1 January 2001	3,734,859	(3,107,872)
Deficit for the year	-	(1,061,652)
Premium on allotment of shares	97,222	-
	<u>3,832,081</u>	<u>(4,169,524)</u>

19 Reconciliation of movements in equity shareholders' funds

	Group £	2001 Company £	Group £	2000 Company £
Loss for the financial year	(1,004,173)	(1,061,652)	(639,633)	(1,104,284)
Issues of share capital	125,000	125,000	875,000	875,000
Expenses of issues of share capital	(-)	(-)	(71,741)	(71,741)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Decrease)/increase in equity shareholders' funds	(879,173)	(936,652)	163,626	(301,025)
Opening equity shareholders' funds At 1 January 2001	889,008	997,169	725,382	1,298,194
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing equity shareholders' funds at 31 December 2001	9,835	60,517	889,008	997,169
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2001 £	2000 £
Operating loss	(1,050,317)	(597,528)
Depreciation charges	37,367	35,625
Amortisation of intangible assets	533,876	87,102
Loss/(profit) on sale of fixed assets	2,053	(899)
Decrease/(increase) in debtors	252,953	(51,561)
Increase/(decrease) in creditors	82,091	(18,346)
	<u> </u>	<u> </u>
Net cash outflow from operating activities	(141,977)	(483,232)
	<u> </u>	<u> </u>

21 Analysis of changes in net funds

	Net funds At 31.12.2000 £	Cash Flow £	Other Change	Net funds At 31.12.2001 £
Cash at bank and in hand	108,445	(39,452)	-	68,993
Debt due within one year	(23,755)	9,587	14,169	-
Debt due after one year	(48,379)	-	48,379	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	36,311	(29,865)	62,547	68,993
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Operating lease commitments

Annual commitments under non-cancellable operating leases at 31 December 2001 were as follows:

	Land and Buildings 2001 £	Other 2001 £	Land and Buildings 2000 £	Other 2000 £
Group				
Annual commitments expiring:				
Within one year	39,750	14,313	-	2,074
Within two to five years	-	15,181	53,000	23,545
	<u>39,750</u>	<u>29,494</u>	<u>53,000</u>	<u>25,619</u>
Company				
Annual commitments expiring:				
Within one year	-	8,520	-	-
Within two to five years	-	4,919	-	8,779
	<u>-</u>	<u>13,439</u>	<u>-</u>	<u>8,779</u>

23 Capital commitments

No group company had any capital commitments at 31 December 2001.

24 Contingent liabilities

The company has guaranteed the financial obligations of a subsidiary undertaking in respect of the land and building operating lease commitments referred to in note 21 to the financial statements.

25 Interest and currency analysis of financial assets and liabilities

The Group has taken advantage of the exemption available under FRS 13 not to provide numerical disclosures in relation to short-term debtors and creditors.

The Group's financial instruments comprise cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to manage the finances of the Group's operations.

During the year, the Group redeemed its other financial instruments: hire purchase and finance lease contracts.

The Group does not enter into any derivative transactions and the Group's policy is that no trading in financial instruments will be undertaken.

The main risk arising from the Group's financial instruments is liquidity risk. The Board considers that risk on a regular basis and the approach towards the risk remained unchanged during the year. The Group's objective is to maintain a flexible source of funding on a cost-effective basis. This is currently provided through cash.

The Group does not have an overdraft facility and, accordingly, there is no interest rate risk.

	Group	
	2001 £	2000 £
Financial assets		
Cash at bank and in hand	68,993	108,445
	<hr/>	<hr/>
Financial liabilities		
Hire purchase and finance lease	-	72,134
	<hr/>	<hr/>

26 Related party transactions

Directors' interests in shares are disclosed in the report of the directors on page 5.

The company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 not to disclose details of transactions with related parties in respect of group companies.

27 Post balance sheet event

On 3 January 2002, the Company issued 25,500,000 new ordinary shares of 1p each at par to raise further working capital for the development of its educational services provided through Learndirect Centres.

VOSS NET plc

(Registered in England no. 2918391)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Voss Net plc will be held at the offices of Voss Net plc, 5 Waterside Drive, Langley, Berkshire SL3 6EZ on Monday 10 June 2002 at 12 noon for transaction of the following business:

Ordinary Business

1. To receive and adopt the financial statements of the Company for the financial year ended 31 December 2001 together with the reports of the directors and the auditors thereon.
2. To re-elect Jeremy Gilbert as a director, who retires by rotation.
3. To re-appoint Messrs Wilkins Kennedy (formerly Hugill, Chartered Accountants, now practising under the name Wilkins Kennedy following a merger on 1 May 2001) as auditors of the Company until the next Annual General Meeting and to authorise the directors to fix their remuneration.

Special Business

To consider whether any, and if so what, steps should be taken to deal with the Company's situation in accordance with the provisions of section 142 of the Companies Act 1985 and to consider and, if thought fit, to pass the following resolutions of which resolutions 4 and 6 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution.

4. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 (2) of the Act) up to aggregate nominal amount of £310,650 such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date being 5 years after the passing of this resolution providing that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and revoke any earlier such authority conferred on the directors.
5. That the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 (2) of the Act) for cash pursuant to the general authority conferred by resolution 4 above as if sub-section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with an issue or any other pre-emptive offer of equity securities to holders of equity securities and other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or practical difficulties under the laws of or the requirements of any regulatory body or stock exchange in any territory or otherwise;
 - (b) to the allotment of 750,000 Ordinary Shares of 1p each in the capital of the Company pursuant to the exercise of options to subscribe for 750,000 Ordinary Shares of 1p each at a price of 1p per Ordinary Share to be granted to Barry O'Connell;
 - (c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £150,000,

and shall expire on the date of the next Annual General Meeting of the Company or, if earlier, the date being 15 months after the passing of this resolution, providing that the Company may before such expiry

make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to the directors.

By Order of the Board

Martha Bruce

Secretary

16 April 2002

Registered Office:

5 Waterside Drive

Langley

Berkshire

SL3 6EZ

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the company.
2. To be valid, the form of proxy, together with the power of attorney or other authority under which it is executed or a notarially certified copy of such power or authority, must be lodged at the company's registrars, Capita IRG plc not later than 48 hours before the time of the Meeting or any adjournment thereof.
3. The completion and return of a form of proxy will not prevent a member from attending and voting in person at the Meeting if he or she so wishes.