

# **PNI Holdings Limited**

*(Registered Number: 3897811)*

## **Directors' Report and Accounts**

**Year ended 30 June 2001**



**Directors' Report  
For the Year Ended 30 June 2001**

*Page 1*

---

The directors submit their report and the audited accounts of the company for the year ended 30 June 2001.

***Group Structure***

On 1 August 2000 PNI Holdings Limited acquired Step Direct Limited (now called Protocol Training Limited) for a gross consideration of £0.07million. The company subsequently subscribed for an additional 750,000 £1 ordinary shares in Step Direct Limited.

On 14 September 2000 PNI Holdings Limited acquired Tektra Limited for a gross consideration of £5.76million.

On 14 September 2000 PNI Holdings Limited also acquired Harnser Associates Limited for an initial consideration of £1.04million. Additional contingent consideration of up to £2.3million is payable subject to the achievement of target Profit Before Interest and Tax for the financial years ending 30 June 2002 and 2003. The company subsequently subscribed for an additional 300,000 £1 ordinary shares in Harnser Associates Limited

During the year the company subscribed for an additional 3,500,000 £1 ordinary shares in Protocol Systems International Limited an existing subsidiary undertaking.

***Principal activity and review of business***

As a holding company, PNI Holdings Limited incurs administrative costs and interest but has had no trading activity in the year.

The directors do not recommend the payment of a dividend (2000: £Nil).

***Directors***

The directors of the company who held office during the year are:

G Lennox  
R Fielding  
D Holme (resigned 15 November 2000)

No director had any beneficial interest in the share capital of the company at 30 June 2001.

The interests of the directors in the shares of Protocol Associates NV at 30 June 2001, the company's parent company, are disclosed in the accounts of Protocol Associates NV.

---

***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 of the company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

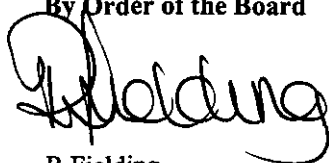
The directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements have been made in preparing the financial statements for the year ended 30 June 2001 and that applicable accounting standards have been followed. They also confirm that it is appropriate to prepare the financial statements on a going concern basis.

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 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.

***Auditors***

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the forthcoming Annual General Meeting.

**By Order of the Board**



R Fielding

**Director**

15 April 2002

## Independent Auditors' Report to the Members of PNI Holdings Limited

Page 3

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report.

### *Basis of audit 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 at 30 June 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Nottingham  
15 April 2002

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**Profit and Loss Account**  
**For the year ended 30 June 2001**

*Page 4*

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
Administrative expenses	(98)	(57)
<i>Operating loss (Note 3)</i>	(98)	(57)
Interest payable and similar charges (Note 4)	(2,649)	(19)
Interest receivable and similar income (Note 5)	187	4
<i>Loss on ordinary activities before taxation</i>	(2,560)	(72)
Taxation (Note 6)	742	-
<i>Loss for the financial year</i>	(1,818)	(72)

There are no recognised gains or losses other than the loss for the year shown above and all operations are continuing operations.

The notes on pages 6 to 11 form part of these accounts.

**Balance Sheets as at 30 June 2001**

Page 5

	<b>2001</b> <b>£'000</b>	<b>2000</b> <b>£'000</b>
<b>Fixed assets</b>		
Investments (Note 7)	11,460	31
	11,460	31
<b>Current assets</b>		
Debtors (Note 8)	53,189	1,310
Cash at bank and in hand	7,672	122
	60,861	1,432
<b>Creditors – Amounts falling due within one year (Note 9)</b>	(17,680)	(16)
<b>Net current assets</b>	43,181	1,416
<b>Total assets less current liabilities</b>	54,641	1,447
<b>Creditors - Amounts falling due after more than one year (Note 10)</b>	(55,388)	(376)
	(747)	1,071
<b>Capital and reserves</b>		
Called up share capital (Note 11)	1,029	1,029
Share premium account (Note 12)	114	114
Profit and loss account (Note 12)	(1,890)	(72)
<b>Equity shareholders' funds</b>	(747)	1,071

Approved By The Board  
15 April 2002

  
G Lennox  
Director

The notes on pages 6 to 11 form part of these accounts.

## 1 Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the accounts.

The company was incorporated on 16 December 1999, therefore the comparative figures represent the period from 16 December 1999 to 30 June 2000.

### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding period, with the exception of accounting standards adopted in the current year. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard Number 18 (FRS 18).

### Cash flow statement

The company has taken advantage of the exemption from the requirement to produce a cash flow statement in accordance with FRS 1, as it is a member of a group whose parent company, Protocol Associates NV, prepares consolidated accounts which include a cash flow statement and are publicly available.

### Deferred taxation

Deferred taxation arising from timing differences between profits or losses reflected in the accounts and profits or losses calculated for tax purposes is recognised in those cases where the difference is expected to reverse in the foreseeable future.

### Investments

The company's investments in subsidiaries are stated at cost less any impairment provision for diminution in value. Impairments are made if the diminution is considered by the directors to be permanent.

## 2 Staff Numbers and Costs

The average number of persons (all directors) employed by the company during the period was 2 (2000: 3).

The total emoluments of the directors, including pension contributions was £Nil (2000: £Nil).

## 3 Operating loss

	2001 £'000	2000 £'000
Operating loss is stated after charging:		
Auditors' remuneration	4	2

Auditors' remuneration for non-audit services provided to the company amounted to £27,000 (2000: £43,000).

**4 Interest Payable and Similar Charges**

	2001 £'000	2000 £'000
Bank interest payable	980	19
Amortisation of issue costs	57	-
Loan note interest payable	1,612	-
	2,649	19

**5 Interest Receivable and Similar Income**

	2001 £'000	2000 £'000
Bank interest receivable	187	4

**6 Taxation**

The credit, based on the loss for the year, comprises:

	2001 £'000	2000 £'000
UK Corporation tax at 30% (2000: 30%)	736	-
Over provision in respect of prior years	6	-
	742	-

There is no actual or potential deferred tax liability (2000: £Nil). The corporation tax debtor has been adjusted by the group relief of losses surrendered to Protocol National Limited and Tektra Limited for which payment of £736,000 is receivable.

**7 Investments**

<i>Cost and net book value</i>	<i>£'000</i>
At 1 July 2000	31
Additions	11,429
<b>At 30 June 2001</b>	<b>11,460</b>

Details of wholly owned subsidiary undertakings, all of which are registered in Great Britain, are as follows:

<i>Name</i>	<i>Nature of business</i>
Protocol Systems International Limited	Provision of hardware and software technical support
Protocol Training Limited (formerly Step Direct Limited)	Training Consultants
Tektra Limited	Training providers and management of associated training schemes
Harnser Associates Limited	Training Consultants
Protocol Learning Limited	Intermediate holding company of Spring General Services Limited



**8 Debtors**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group companies	53,184	1,306
Other taxes and social security	5	4
	<b>53,189</b>	<b>1,310</b>

**9 Creditors - Amounts falling due within one year**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Debentures, loans and loan stock	5,820	-
Bank loans and overdrafts	2,404	-
Amounts due to group undertakings	9,011	-
Accruals and deferred income	445	16
	<b>17,680</b>	<b>16</b>

**10 Creditors - Amounts falling due after more than one year**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Debentures, loans and loan stock	35,696	-
Bank loans	19,280	-
Term loan to a fellow group company	412	376
	<b>55,388</b>	<b>376</b>

The term loan to a fellow group company includes interest of £36,000 (2000: £19,000) which is rolled over quarterly at 10% per annum. The beneficiary of the loan is Protocol Associates NV.

**Maturity of Debt**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less, or on demand	8,224	-
In more than one year, but not more than two years	3,279	-
In more than two years, but not more than five years	13,882	-
In more than five years	2,119	-
	<b>27,504</b>	<b>-</b>
Amount repayable otherwise than by instalments after more than five years	35,696	-

---

**10 Creditors - Amounts falling due after more than one year ...cont'd****Terms of repayment**

With respect to the unsecured loan notes of £35,696,000 falling due in more than five years payment becomes due on a Take-Over or Listing. The company has the option of repaying the loan note by giving 30 days notice.

The remaining loan notes of £5,820,000 payment can become due on any quarterly interest payment date if the holder of the loan note gives 30 days written notice.

Bank loans comprise Tranche A (£16,468,000), Tranche B (£3,097,000), and Tranche C (£2,119,000) and are stated net of issue costs which are released to the profit and loss account in line with the interest charged.

Tranche A is repayable in quarterly instalments commencing 30 September 2001.

Tranche B is repayable in full on 31 March 2006.

Tranche C is repayable in two equal instalments on 30 June 2007 and 31 December 2007.

In accordance with FRS 4 a loan arrangement fee of £1,116,000 is offset against the bank loans, this fee is being amortised over the period of the loans, the charge in the current period was £57,000 (2000: £nil).

**Rates of interest payable**

With respect to the loan notes of £5,820,000 due within one year, interest at 1% below base rate is payable by quarterly instalments in arrears due on 31 March, 30 June, 30 September and 31 December.

With respect to £31,133,000 of loan notes falling due in more than five years interest at 8% is payable. Prior to 30 June 2001 all interest is accrued and added to the principal sum of the loan note. After 1 July 2001, 25% of interest charged is payable in arrears due on 31 December 2001 and 30 June 2002, with the balance being accrued and added to the principal of the loan note. After 1 July 2002, 50% of interest charged is payable in arrears due in December and June, with the balance being accrued and added to the principal of the loan note.

With respect to the remaining £4,563,000 of loan notes falling due in more than five years interest at 8% is payable. All interest is accrued and added to the principal sum of the loan note.

With respect to bank loans, interest is payable on Tranche A at 2.25% above LIBOR, on Tranche B at 2.5% above LIBOR; and on Tranche C at 3.5% above LIBOR. The loans are subject to a 4.8% collar and a 6% cap arrangement.

**11 Share Capital**

		<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
<i>Authorised, Allotted and fully paid</i>			
<i>Equity</i>			
999,999	Ordinary shares of 90p each	899,999	899,999
142,857	'A' ordinary shares of 90p each	128,571	128,571
1	One pound share	1	1
		<b>1,028,571</b>	<b>1,028,571</b>

**Share Rights**

The ordinary shares and 'A' ordinary shares rank pari passu with regard to distribution rights. With regard to voting rights the holders of A ordinary shares are entitled to cast, in relation to each resolution proposed, such number of votes as shall comprise three-fourths of all votes so cast. The one pound share has the same rights as an ordinary share.

**12 Reserves**

	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 1 July 2000	114	(72)	42
Loss for the year	-	(1,818)	(1,818)
At 30 June 2001	114	(1,890)	(1,776)

**13 Reconciliation of movements in shareholders' funds**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Loss on ordinary activities after tax	(1,818)	(72)
Issue of share capital	-	1,143
Net addition to shareholders' funds	(1,818)	1,071
Opening shareholders' funds	1,071	-
Closing shareholders' funds	(747)	1,071

---

**14 Related Party Transactions**

The Company has taken advantage of the exemption available under Financial Reporting Standard 8 for wholly owned subsidiaries not to disclose related party transactions with members of the same group.

Amounts due from and due to related parties are set out in notes 8, 9 and 10 to the accounts.

**15 Ultimate Parent Company**

The immediate parent company is Protocol Associates NV. The company that is required to prepare group accounts is Protocol Associates NV, which is incorporated and registered in Belgium. A copy of the group accounts can be obtained from the Company Secretary, Arboretum Gate, 88-90 North Sherwood Street, Nottingham, NG1 4EE. The ultimate parent company and controlling party is Bridgepoint Capital Group Limited. Copies of the financial statements of Bridgepoint Capital Group Limited are available at their registered office at 101 Finsbury Pavement, London, EC2A 1EJ.

**16 Going concern**

Protocol Associates NV intends to provide financial support to the company to ensure that it is able to meet its liabilities as they fall due.