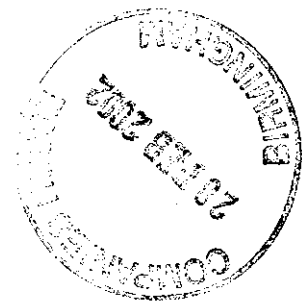


Registered Number: 4087584

**Network Disaster Recovery (Holdings) Limited
(formerly Seckloe 46 Limited)**

**Annual report
for the period ended 30 April 2001**



Network Disaster Recovery (Holdings) Limited **(formerly Seckloe 46 Limited)**

Annual report **for the period ended 30 April 2001**

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Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Directors and advisers

Directors

Ashcroft Cameron Nominees Limited	(appointed 10 October 2000, resigned 24 October 2000)
EMW Directors Limited	(appointed 24 October 2000, resigned 22 December 2000)
T P Byrne	(appointed 22 December 2000)
P S Virdee	(appointed 22 December 2000)
J K Eade	(appointed 22 December 2000)
F J McFarling	(appointed 22 December 2000)
G Robins	(non-executive) (appointed 22 December 2000)
S Dinnen	(appointed 22 December 2000)

Secretary and registered office

P S Virdee	(appointed 25 January 2001)
Unit 2 Enterprise Way	
Aston Science Park	
Birmingham	
B7 4BH	

Registered Auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Solicitors

DLA
Victoria Square House
Victoria Square
Birmingham
B2 4DL

Bankers

Bank of Scotland
55 Temple Row
Birmingham
B2 5LS

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Directors' report for the period ended 30 April 2001

The directors present their report and the audited financial statements for the period ended 30 April 2001.

Principal activities and future developments

The company was incorporated as Seckloe 46 Limited on 10 October 2000. On 20 February 2001 the company changed its name to Network Disaster Recovery (Holdings) Limited.

In addition, on 22 December 2000 the company acquired the share capital of Network Disaster Recovery Limited for cash consideration of £24,708,659. Further details can be found at note 7.

The principal activity of the company is that of a holding company.

Review of business and future developments

There have been a number of changes in the period and the directors consider that the results for the period are satisfactory.

Results and dividends

The loss of the company is set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend on ordinary shares.

Retained loss of £373,925 will be accumulated as a deficit.

Directors and their interests

The directors interests in the share capital of the company were as follows:

	At 30 April 2001	Date of appointment
	Ordinary shares	Ordinary shares
	Number	Number
T P Byrne	10,549	-
P S Virdee	16,250	-
F J McFarling	16,250	-
J K Eade	12,831	-

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Directors' report for the year ended 30 April 2001 (continued)

Euro

The company has assessed the impact of the introduction of the Euro and has taken appropriate steps to ensure that the requirements of both customers and suppliers can be met.

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 of the company 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; and
- 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 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

The directors appointed PricewaterhouseCoopers as auditors to the company during the period. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their reappointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the board


Company Secretary

21 February 2002.

Auditors' report to the members of Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable 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 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 company's state of affairs as at 30 April 2001 and of its loss and cashflows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham

27 February 2002.

Network Disaster Recovery (Holdings) Limited

(formerly Seckloe 46 Limited)

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Profit and loss account for the period ended 30 April 2001

	Notes	7 months ended 30 April 2001 £
Other operating income		<u>239,658</u>
Other operating charges		<u>218,325</u>
Operating profit	3	21,333
Interest receivable and similar income	4	16,208
Interest payable and similar charges	5	<u>(411,466)</u>
Loss on ordinary activities before taxation		<u>(373,925)</u>
Taxation on loss on ordinary activities	6	<u>-</u>
Loss on ordinary activities after taxation for the period		<u><u>(373,925)</u></u>

All of the above activities relate to operations acquired in the period. All such operations are continuing.

There are no recognised gains or losses in the period other than those reflected in the profit and loss account shown above.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Balance sheet as at 30 April 2001

	Notes	2001 £
Fixed assets		
Investments	7	<u>24,708,659</u>
Current assets		
Debtors	8	822,097
Creditors: amounts falling due within one year	9	<u>(2,098,255)</u>
Net current liabilities		<u>(1,276,158)</u>
Total assets less current liabilities		<u>23,432,501</u>
Creditors: amounts falling due after more than one year	10	<u>(15,387,260)</u>
Net assets		<u><u>8,045,241</u></u>
Capital and reserves		
Called up share capital	11	100,000
Share premium	12	8,319,166
Profit and loss account	12	<u>(373,925)</u>
Equity shareholders' funds	13	<u><u>8,045,241</u></u>

The financial statements on pages 5 to 16 were approved by the board of directors on the date shown below and were signed on its behalf by:


Director

21 February 2002.

Director



Network Disaster Recovery (Holdings) Limited **(formerly Seckloe 46 Limited)**

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Cash flow statement **for the period ended 30 April 2001**

	2001
	£
Net cash outflow from continuing operating activities (page 8)	(180,536)
Returns on investment and servicing of finance	
Interest paid	(269,872)
Other interest	(153,637)
Net cash outflow from returns on investments and servicing of finance	(423,509)
Acquisitions	
Purchase of subsidiary undertakings	(24,708,659)
Net cash outflow from acquisitions	(24,708,659)
Cash outflow before financing	(25,312,704)
Financing	
Issue of shares	100,000
Expenses of share issue to acquire subsidiary undertakings	8,294,166
Increase in loan from group company	2,093,871
Increase in borrowings	14,599,999
Net cash inflow from financing	25,088,036
Decrease in cash in the period (page 8)	(224,668)

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Reconciliation of net cash flow to movement in net debt

	2001 £
Decrease in cash in period	(224,668)
Cash outflow from increase in debt	<u>(16,677,203)</u>
Change in net debt resulting from cash flows	(16,901,871)
Movement in net debt in the period	
Opening net debt	-
Closing net debt	<u><u>(16,901,871)</u></u>

Reconciliation of operating loss to net cash inflow from operating activities

	2001 £
Operating profit	21,333
Increase in prepayments and accrued income	(785,513)
Increase in trade creditors	13,915
Decrease in amounts owed to group undertaking	(39,943)
Increase in accruals	609,672
Net cash outflow from continuing operating activities	<u><u>(180,536)</u></u>

Analysis of net debt

	At incorporation £	Cashflow £	30 April 2001 £
Cash in hand	-	(224,668)	(224,668)
Debt due within one year			
Bank loan	-	(500,000)	(500,000)
Other loan	-	(750,000)	(750,000)
Debt due after more than one year			
Bank and other loans	-	(13,333,332)	(13,333,332)
Group loan	-	(2,093,871)	(2,093,871)
Net debt	<u><u>-</u></u>	<u><u>(16,901,871)</u></u>	<u><u>(16,901,871)</u></u>

Network Disaster Recovery (Holdings) Limited **(formerly Seckloe 46 Limited)**

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Notes to the financial statements **for the period ended 30 April 2001**

1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. No comparatives are included in the financial statements as this is the first year company's first year of trading.

Consolidation

The financial statements contain information about Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited) as an individual undertaking and do not contain consolidated financial information as the parent of a group. The company is exempt under paragraph 21(a) of Financial Reporting Standard 2 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium sized group.

Goodwill

Goodwill on consolidation arising on the acquisition of the share capital of Network Disaster Recovery (Holdings) Limited is capitalised in the balance sheet.

Goodwill would be amortised in the group accounts, on a straight-line basis, through the consolidated profit and loss account over the useful economic life assessed by the directors as 20 years.

Deferred taxation

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pensions

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.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent impairment in value.

Network Disaster Recovery (Holdings) Limited **(formerly Seckloe 46 Limited)**

Notes to the financial statements **for the period ended 30 April 2001 (continued)**

2 Staff costs

The directors are the only employees of the company.

	7 months ended 30 April 2001
	£
Aggregate emoluments	<u>213,255</u>

Further directors' emoluments disclosure is set out in the financial statements of Network Disaster Recovery Limited.

3 Operating profit

Operating profit is stated after charging directors' emoluments recharged to Network Disaster Recovery Limited (see note 2).

Auditors' fees are borne by Network Disaster Recovery Limited.

4 Interest receivable and similar income

	7 months ended 30 April 2001
	£
Bank interest receivable	<u>16,208</u>

5 Interest payable and similar charges

	7 months ended 30 April 2001
	£
Bank loans and overdrafts	249,496
Debentures and other loans	153,637
Amortisation of issue costs of bank loan	8,333
	<u>411,466</u>

Network Disaster Recovery (Holdings) Limited **(formerly Seckloe 46 Limited)**

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Notes to the financial statements **for the period ended 30 April 2001 (continued)**

6 Tax on loss on ordinary activities

There is no tax charge as a result of losses in the period.

7 Investments

	2001 £
Fixed asset investments	
Shares in group undertakings	
On incorporation	-
Additions in period	24,708,659
At 30 April 2000	<u><u>24,708,659</u></u>

The above represents the cost of acquisition on 22 December 2000 of the entire share capital of Network Disaster Recovery Limited, a subsidiary company. Consolidation is not required as the group falls within the exemption outlined in paragraph 21 (a) of Financial Reporting Standard 2.

The aggregate amount of capital and reserves of Network Disaster Recovery Limited as at 30 April 2001 is £2,594,381 and retained profit for the year ended 30 April 2001 was £1,090,496.

8 Debtors

	2001 £
Prepayments and accrued income	<u><u>822,097</u></u>

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Notes to the financial statements for the period ended 30 April 2001 (continued)

9 Creditors: amounts falling due within one year

	2001 £
Bank overdraft	224,668
Bank loan	500,000
Trade creditors	13,915
Other loans	750,000
Accruals and deferred income	609,672
	<u>2,098,255</u>

Bank overdraft represents a revolving credit facility of £1 million repayable on demand.

Bank loan comprises a term loan of £9 million repayable in bi-annual tranches commencing on 30 June 2001 until 31 December 2007.

Bank overdraft and loan are secured by a first and only debenture from the company including a composite guarantee from the subsidiary company.

Interest is payable on the bank overdraft and loan at an annual rate which is the sum of:

- 1) the applicable margin (1.875% to 30 June 2006, 3% thereafter)
- 2) LIBOR and MCR costs

Other loans represent a loan note in favour of G Miller, a former non-executive director of Network Disaster Recovery Limited. The loan note is guaranteed by Bank of Scotland up to 31 December 2005. The loan note may be redeemed at par at any time after 30 June 2001. If not previously redeemed, the note will be redeemed on 31 December 2010. Interest is payable at 1% below base rate.

Included within accruals and deferred income is an amount of £413,509 due in respect of the capital gains tax liabilities of the directors of Network Disaster Recovery Limited, arising on acquisition of that company by Network Disaster Recovery (Holdings) Limited.

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

13

Notes to the financial statements for the period ended 30 April 2001 (continued)

10 Creditors: amounts falling due after more than one year

	2001 £
Bank and other loans	13,333,332
Amounts owed to subsidiary undertaking	2,053,928
	<u>15,387,260</u>

Bank and other loans include:

- Bank term loan as set out in note 9.
- Fixed rate unsecured loan note instrument of £5 million in favour of Close Investment Partners Limited. Interest is payable at 8%. Redemption dates and amounts are as follows:

Date	Number
31 December 2005	£1 million
31 December 2006	£1 million
31 December 2007	All notes then outstanding

Amounts owed to subsidiary undertaking are unsecured and non-interest bearing. There are no fixed terms of repayment, however, Network Disaster Recovery Limited has confirmed that it will not request repayment within twelve months of the date that the directors sign the financial statements.

Loans, bank loans and overdrafts

	2001 £
Bank overdraft and loan	9,224,668
8% unsecured loan stock	5,000,000
Secured loan note	750,000
	<u>14,974,668</u>
Maturity of debt	
In one year or less, or on demand	1,474,668
Between one and two years	2,375,000
Between two and five years	4,000,000
Over five years	7,125,000
Less issue costs	(166,668)
	<u>14,808,000</u>

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Notes to the financial statements for the period ended 30 April 2001 (continued)

11 Share capital

	2001 £
Authorised	
67,041 ordinary shares of £1 each	67,041
35,000 'A' ordinary shares of £1 each	35,000
	<u>102,041</u>
Allotted, called up and fully paid	
65,000 ordinary shares of £1 each	65,000
35,000 'A' ordinary shares of £1 each	35,000
	<u>100,000</u>

The value of the shares allotted on the acquisition of Network Disaster Recovery Limited was £8,688,741.

The ordinary shares and 'A' ordinary shares have the right to receive notice of attend, speak and vote at all general meetings.

Each holder of 'A' ordinary shares shall be entitled to exercise 10 votes for every 'A' ordinary share.

The company may not distribute any profits in respect of any financial year until the principal amount of loan notes has been repaid.

12 Reserves

	Share Premium Account £	Profit and Loss Account £
On incorporation	-	-
Loss for the period	-	(373,925)
Premium on shares issued during the period	8,588,741	-
Less issue costs	(269,575)	-
At 30 April 2001	<u>8,319,166</u>	<u>(373,925)</u>

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

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Notes to the financial statements for the period ended 30 April 2001 (continued)

13 Reconciliation of movements in shareholders' funds

	2000 £
Loss for the period	(373,925)
Proceeds of issue of equity shares	8,688,741
Costs of share issue written off to share premium account	(269,575)
	<hr/>
Net proceeds of share issue	8,045,241
Net addition to shareholders' funds	8,045,241
Opening equity shareholders' funds	<hr/> -
Closing equity shareholders' funds	<hr/> <u>8,045,241</u>

14 Pension commitments

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge for the period was £26,376. This cost was borne by Network Disaster Recovery Limited, a subsidiary company.

15 Deferred tax

A deferred tax asset of £125,946 is not provided in these financial statements.

16 Ultimate controlling party

There is no one ultimate controlling party.

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited)

16

Notes to the financial statements for the period ended 30 April 2001 (continued)

17 Related party transactions

During the year Network Disaster Recovery Limited incurred £93,871 costs on behalf of Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited) and made a loan of £2 million to Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited). Network Disaster Recovery (Holdings) Limited incurred a further £253,198 costs recharged to Network Disaster Recovery Limited. As at 30 April 2001, amounts owed to Network Disaster Recovery Limited by Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited) amount to £2,053,928. There is no interest due on this amount and confirmation has been received that the loan is not due within twelve months from the balance sheet date.

Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited) acquired the entire share capital of Network Disaster Recovery Limited on 22 December 2000. The directors of Network Disaster Recovery Limited are also directors of Network Disaster Recovery (Holdings) Limited (formerly Seckloe 46 Limited).

Consideration amounting to £561,514 was applied to re-imburse the directors for their personal costs incurred in connection with the acquisition of Network Disaster Recovery Limited. Tax on this benefit has also been accrued as set out in note 9 of these financial statements.