

TW2 Communications Limited

Report and Financial Statements

31 March 2003



REPORT AND FINANCIAL STATEMENTS 2003

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TW2 Communications Limited

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Everatt
Sir Peter Rigby
S P Rigby

SECRETARY

N T Gossage

REGISTERED OFFICE

James House
Warwick Road
Birmingham
B11 2LE

BANKERS

HSBC
PO Box 68
130 New Street
Birmingham
B2 4JU

SOLICITORS

Eversheds
115 Colmore Row
Birmingham
B3 3AL

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 March 2003.

Principal activities and business review

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

The company did not trade during the year or the prior year. The directors do not envisage that the company will trade in the foreseeable future.

Results and dividends

The financial statements for the year ended 31 March 2003 are set out on pages 5 to 9.

The directors do not recommend the payment of a dividend (2002 - £nil).

Post Balance Sheet Events

On 31 July 2003, Enquirystar Limited acquired the entire share capital of Specialist Computer Holdings plc. On 8 August 2003, Specialist Computer Holdings plc changed its name to Specialist Computer Holdings (UK) plc. On the same day, Enquirystar Limited changed its name to Specialist Computer Holdings plc and re-registered as a plc.

Directors and their interests

The directors who served during the year and subsequently were as follows:

P Everatt
Sir Peter Rigby
S P Rigby

Directors' interests

Sir Peter Rigby and Mr S P Rigby are also directors of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc), which was the ultimate parent company until 31 July 2003. Their interests in the share capital of that company as at 31 March 2003 are disclosed in its financial statements.

The interests of the other directors in the share capital of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc) at 31 March 2003 are set out below.

Shares

The beneficial interests of the directors in office at 31 March 2003 in the 'B' ordinary shares of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc) were as follows:

	31 March 2003 Number	31 March 2002 Number
P Everatt	<u>2,000</u>	<u>2,000</u>

Share Options

The beneficial interests of the directors in office at 31 March 2003 in over 'B' ordinary shares of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc) were as follows:

	Date of Granting	Option Price	5p 'B' Ordinary shares 31 March 2003	5p 'B' Ordinary shares 31 March 2002
P Everatt	27 February 1997	230p	250	250

DIRECTORS' REPORT

Share Options (continued)

The options are exercisable between three and ten years after granting. Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc) is not a listed company. The market value of shares are determined according to the share option scheme rules.

No director has any other interest in the share capital of the company requiring disclosure in accordance with Schedule 7 of the Companies Act 1985.

James House
Warwick Road
Birmingham
B11 2LE

By order of the Board

A handwritten signature in black ink, consisting of two large loops followed by a horizontal line and a small flourish.

Sir Peter Rigby

29 January 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- 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.

BALANCE SHEET
31 March 2003

	Notes	2003 £	2002 £
Fixed assets			
Investments	6	-	-
Creditors: Amounts falling due within one year	7	(1)	(1)
Net current liabilities		(1)	(1)
Total assets less current liabilities		(1)	(1)
Net liabilities		(1)	(1)
Capital and reserves			
Called-up share capital	8	1,000,000	1,000,000
Profit and loss account	9	(1,000,001)	(1,000,001)
Shareholders' deficit, all equity		(1)	(1)

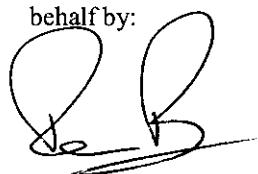
For the year ended 31 March 2003 the company was entitled to exemption under section 249AA (1) of the Companies Act 1985.

No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 249B (2)

The directors acknowledge their responsibility for:

- Ensuring the company keeps accounting records which comply with section 221;
- Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to the financial statements, so far as applicable to the company.

The financial statements on pages 5 to 9 were approved by the board of directors on 29 January 2004 and signed on its behalf by:



Sir Peter Rigby
Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

The financial statements have been prepared on a going concern basis. In view of the fact that the company has net liabilities at 31 March 2003, Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc), the ultimate parent company until 31 July 2003, has confirmed its intention to provide financial support for the foreseeable future, such that the company can meet its liabilities as they fall due.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc) the ultimate parent company until 31 July 2003, which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard Number 1 to present a cash flow statement.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2003

2. PROFIT AND LOSS ACCOUNT

The Company did not trade during the current or preceding year and has made neither profit or loss, nor any other recognised gain or loss. Accordingly, no profit and loss account has been presented.

Audit fees of £nil (2002 - £2,000) were borne by another group undertaking.

Included above is £Nil (2002 - £750) in respect of audit fees paid to the previous auditors, Arthur Andersen.

Amounts payable to the auditors by the company in respect of non-audit services were £Nil (2002 - £Nil).

3. STAFF COSTS

There were no staff costs charged during either year.

The average monthly number of employees (including executive directors) during the year was 3 (2001 - 4).

4. DIRECTORS' REMUNERATION

There were no directors' emoluments charged during the year (2002 - £nil).

The emolument of Sir Peter Rigby and Messrs S Rigby and P Everatt are paid by another group company.

Mr P Everatt does not perform any qualifying services for the company.

It is not practicable to determine the proportions of Sir Peter Rigby's and Mr S P Rigby's emoluments which are attributable to the directors' services to the company. However, the total emoluments of these directors are taken into account in the disclosure of directors' emoluments in the financial statements of Specialist Computer Holdings (UK) plc (formerly Specialist Computer Holdings plc), the ultimate parent company until 31 July 2003.

5. DEFERRED TAX ASSET

A deferred tax asset has not been recognised in respect of timing differences relating to the decrease in the value of the company's fixed asset investments as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £300,000 (2002 - £300,000). The asset would be recovered if the company disposed of its investments and was able to offset any resulting capital loss against a qualifying capital gain.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2003

6. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 April 2002 and 31 March 2003	1,000,001
Amounts written-off	
At 1 April 2002 and 31 March 2003	(1,000,001)
Net book value	
At 31 March 2002 and 31 March 2003	-

At 31 March 2003 the company held the following allotted share capital of the subsidiary undertakings listed below:

Company	Nature of business	Holdings	Proportion held
TW2.Com Limited	Internet Consultancy and Development	Ordinary shares	100%
Underground Computing Limited	Dormant	Ordinary shares	100%
Yokoda Limited	Dormant	Ordinary shares	100%

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed to group undertakings	1	1

8. CALLED-UP SHARE CAPITAL

	2003 £	2002 £
<i>Authorised, allotted, called-up and fully paid</i> 1,000,000 ordinary £1 shares	1,000,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2003

9. RESERVES

**Profit and
loss account
£**

At 31 March 2002 and 31 March 2003

(1,000,001)

10. FINANCIAL COMMITMENTS

There were no financial commitments at either year end.

11. POST BALANCE SHEET EVENTS

On 31 July 2003, Enquirystar Limited acquired the entire share capital of Specialist Computer Holdings plc. On 8 August 2003, Specialist Computer Holdings plc changed its name to Specialist Computer Holdings (UK) plc. On the same day, Enquirystar changed its name to Specialist Computer Holdings plc and re-registered as a plc.

12. ULTIMATE PARENT UNDERTAKING

The company is a wholly-owned subsidiary undertaking of Specialist Computer Centres plc, a company registered in England and Wales.

For the year ended 31 March 2003, the results of Specialist Computer Centres plc are consolidated into those of the ultimate parent company, Specialist Computer Holdings plc, registered in England and Wales, and whose principal place of business is James House, Warwick Road, Birmingham, B11 2LE. The largest and smallest group of which the company is a member, and for which consolidated financial statements are drawn up, is that headed by Specialist Computer Holdings plc. Consolidated financial statements are available at that address

Subsequent to the year end, on 31 July 2003, Enquirystar Limited acquired the entire share capital of Specialist Computer Holdings plc. On 8 August 2003, Specialist Computer Holdings plc changed its name to Specialist Computer Holdings (UK) plc. On the same day, Enquirystar Limited changed its name to Specialist Computer Holdings plc and re-registered as a plc. The ultimate holding company therefore remains Specialist Computer Holdings plc.

As a wholly owned subsidiary undertaking of Specialist Computer Centres plc, the Company has taken advantage of the exemption in Financial Reporting Standard Number 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Specialist Computer Holdings plc.

13. ULTIMATE CONTROLLING BODY

Sir Peter Rigby, a director of Specialist Computer Holdings plc, and members of his close family, control the company as a result of controlling directly 100% of the issued 'A' ordinary share capital of Specialist Computer Holdings plc.

The ultimate controlling body has not changed as a result of the transaction on 31 July 2003.