

Company Registration No. 06501672

ISDC Developments (No2) Limited

REPORT AND FINANCIAL STATEMENTS

Period ended 31 March 2009



ISDC Developments (No2) Limited

DIRECTORS AND OFFICERS

DIRECTORS

M J Lynch
J A Thompson

REGISTERED OFFICE

Norfolk House East
499 Silbury Boulevard
Central Milton Keynes
MK9 2AH

AUDITORS

Baker Tilly UK Audit LLP
Exchange House
446 Midsummer Boulevard
Central Milton Keynes
MK9 2EA

SOLICITORS

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

ISDC Developments (No2) Limited

DIRECTORS' REPORT

The directors present their report and financial statements of ISDC Developments (No2) Limited for the 13 month period from the date of the company's incorporation on 12 February 2008.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of data centre and ancillary services to corporate entities.

DIRECTORS

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

Huntsmoor Nominees Limited	(Appointed 12 February 2008 and resigned 13 February 2008)
Huntsmoor Limited	(Appointed 12 February 2008 and resigned 13 February 2008)
M J Lynch	(Appointed 13 February 2008)
J P Leighfield	(Appointed 13 February 2008 and resigned 11 September 2008)
A K Gray	(Appointed 13 February 2008 and resigned 10 July 2008)
D Brooks	(Appointed 2 June 2008 and resigned 10 March 2009)
J A Thompson	(Appointed 10 March 2009)

Qualifying third party indemnity provision was in place for the benefit of all directors of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

Baker Tilly UK Audit LLP were appointed as auditors during the period. A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the Annual General Meeting.

SPECIAL PROVISION RELATING TO SMALL COMPANIES

This report has been prepared in accordance with the special provisions relating to small companies under s246(4) of the Companies Act 1985.

On behalf of the board



Director

27.01.10

ISDC Developments (No2) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISDC DEVELOPMENTS (NO2) LIMITED

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2009 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Exchange House
446 Midsummer Boulevard
Central Milton Keynes
MK9 2EA

28 January 2010

ISDC Developments (No2) Limited
PROFIT AND LOSS ACCOUNT
for the period ended 31 March 2009

	Notes	Period ended 31 March 2009 £
TURNOVER	1	788,772
Operating expenses		(3,138,474)
OPERATING LOSS	2	(2,349,702)
Interest receivable and similar income		2,209
Interest payable and similar charges		(341)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,347,834)
Tax on loss on ordinary activities	3	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	9	(2,347,834)

The operating loss for the period arises from the company's continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended 31 March 2009

	Period ended 31 March 2009 £
Loss for the financial period	(2,347,834)
Unrealised gain on revaluation of properties	16,685,645
Total gains and losses relating to the period	14,337,811

ISDC Developments (No2) Limited

BALANCE SHEET

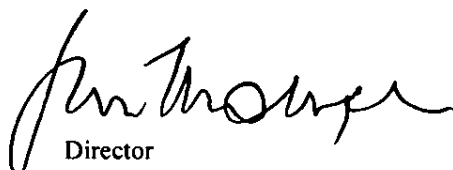
at 31 March 2009

Company registration No 06501672

	Notes	2009 £
FIXED ASSETS		
Intangible assets	4	2,941,233
Land and buildings	5	16,685,645
Other tangible assets	5	3,314,355
		<u>22,941,233</u>
CURRENT ASSETS		
Debtors	6	890,068
Cash at bank and in hand		502,023
		<u>1,392,091</u>
CREDITORS: Amounts falling due within one year	7	(9,995,512)
NET CURRENT LIABILITIES		<u>(8,603,421)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,337,812</u>
CAPITAL AND RESERVES		
Called up share capital	8	1
Revaluation reserve	9	16,685,645
Profit and loss account	9	(2,347,834)
SHAREHOLDERS' FUNDS	9	<u>14,337,812</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements on pages 4 to 11 were approved by the board of directors and authorised for issue on 27.01.10 and are signed on its behalf by:


Director

ISDC Developments (No2) Limited

ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of long leasehold properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Going concern

The directors have satisfied themselves that based on the financial projections of the company, and taking into account the fact that the parent company has also agreed to provide continued support, the board expects that the company will have available adequate resources and facilities to continue to trade for the foreseeable future, and have therefore prepared these financial statements on a going concern basis.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment and at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed assets and depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold Improvements	over the life of the lease
Plant & Equipment	between 3 and 10 years
Furniture and Fixtures	over 4 years
Office Equipment	between 2 and 3 years
Computer Equipment	between 2 and 3 years

Long leasehold properties (where the lease term exceeds 25 years) are included in the financial statements at valuation. The aggregate surplus or temporary deficit below cost arising from such valuations is transferred to a revaluation reserve. Deficits that are expected to be permanent are charged to the profit and loss account.

The company policy is to revalue long leasehold properties annually. On realisation, any gain or loss is calculated by reference to the carrying value at the last financial year end balance sheet date and is included in the profit and loss account. Any balance in the revaluation reserve is transferred to the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value added tax.

ISDC Developments (No2) Limited

ACCOUNTING POLICIES

Deferred tax

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

ISDC Developments (No2) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2009

1. TURNOVER

Turnover arises solely from the provision of data centre and ancillary services within the United Kingdom.

2. OPERATING LOSS

	2009
	£
Operating loss is stated after charging:	
Depreciation and other amounts written off tangible fixed assets:	
Charge for the period	
- owned assets	159,043
Amortisation of intangible fixed assets	326,804
Operating lease rentals – land and buildings	1,279,282
Auditors' remuneration for statutory audit	2,500
Directors' remuneration	-
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3. TAXATION

No taxation charge arises during the period due to the incidence of losses. At 31 March 2009 there are approximately £2,100,000 of tax losses available for set off against future trading profits.

No deferred tax asset has been recognised in respect of these losses due to the uncertainty as to their realisation in the foreseeable future.

4. INTANGIBLE FIXED ASSETS

	Other intangible assets
	£
Cost:	
Additions	3,268,037
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At 31 March 2009	3,268,037
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Amortisation:	
Charge in the period	326,804
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At 31 March 2009	326,804
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Net book value:	
At 31 March 2009	2,941,233
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Other intangible assets relate to costs incurred in acquiring a data centre contracts and are being amortised over the 10 year life of the contract.

ISDC Developments (No2) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2009

5. TANGIBLE FIXED ASSETS

Leasehold properties

Cost or valuation:	£
At 12 February 2008	-
Revaluation	16,685,645
At 31 March 2009	16,685,645
Depreciation:	
At 12 February 2008	-
Charge in the period	-
At 31 March 2009	-
Net book value:	
At 31 March 2009	16,685,645

The company has acquired a long leasehold property which is included at valuation at 31 March 2009. The valuation of the property was made on the basis that the property was at an enabled shell & core basis and was performed by Jones Lang LaSalle, Chartered Surveyors. The valuation was carried out in accordance with the RICS Appraisal and Valuation Standards.

Other tangible assets

	Leasehold Improvements	Plant and Equipment	Furniture and Fittings	Office and computer equipment	Total
	£	£	£	£	£
Cost:					
Additions	2,368,200	1,099,573	2,539	3,086	3,473,398
At 31 March 2009	2,368,200	1,099,573	2,539	3,086	3,473,398
Depreciation:					
Charge in the period	48,226	109,957	346	514	159,043
At 31 March 2009	48,226	109,957	346	514	159,043
Net book value:					
At 31 March 2009	2,319,974	989,616	2,193	2,572	3,314,355

ISDC Developments (No2) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2009

6. DEBTORS

	2009 £
Trade debtors	3,580
Other debtors	363,295
Prepayments and accrued income	523,193
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	890,068

7. CREDITORS: Amounts falling due within one year

	2009 £
Trade creditors	48,918
Amounts owed to group undertakings	8,842,849
Accruals and deferred income	1,103,745
	<hr/>
	9,995,512

8. SHARE CAPITAL

	2009 £
Authorised: 10,000,000 ordinary shares of £0.01 each	100,000
	<hr/>
Allotted, called up and fully paid: 100 ordinary shares of £0.01 each	1

The company was incorporated with an authorised share capital of £100,000, made up of 10,000,000 ordinary shares of £0.01 each. On 12 February 2008, 100 ordinary shares of £0.01 each, with an aggregate nominal value of £1 were issued and fully paid.

ISDC Developments (No2) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2009

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Revaluation reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£
Loss for the period	-	-	(2,347,834)	(2,347,834)
Issue of shares	1	-	-	1
Revaluation in the period	-	16,685,645	-	16,685,645
At 31 March 2009	1	16,685,645	(2,347,834)	14,337,812

10. COMMITMENT UNDER OPERATING LEASES

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	2009 £
Land and buildings: Expiring after 5 years	1,200,000

11. RELATED PARTY TRANSACTIONS

During the year the company was charged £3,268,037 by its parent undertaking, Infinity SDC Limited, in respect of costs of acquiring business continuity contracts. In addition, the company was recharged £768,867 in respect of costs incurred on the company's behalf and received £4,845,945 in respect of inter group funding. At the year end £8,842,849 remained outstanding.

12. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's parent undertaking and controlling party is Infinity SDC Limited, which is incorporated in the United Kingdom.