

COMPANY REGISTRATION NUMBER 02286795

WILLOW STARCOM LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2005 TO
30 NOVEMBER 2005



CHADWICK LLP
Chartered Accountants & Registered Auditors
Television House
10 - 12 Mount Street
Manchester
M2 5NT

WILLOW STARCOM LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

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WILLOW STARCOM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

A P Unsworth
M Berry
D Harrison
C E Davies
B J Austin

Company secretary

M Berry

Registered office

Regency House
Westminster Place
York Business Park
York
YO26 6RW

Auditor

Chadwick LLP
Chartered Accountants
& Registered Auditors
Television House
10 - 12 Mount Street
Manchester
M2 5NT

Bankers

National Westminster Bank plc
Arndale House
243 High Street North
Poole
Dorset
BH15 1BD

WILLOW STARCOM LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 January 2005 to 30 November 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of maintenance and support of computer hardware and software systems.

On 27 June 2005 the company became a 100% subsidiary of Access Intelligence plc.

The company has increased its recurring revenues by 40% to more than £1.2 million per annum.

Another company within the group, Backup and Running (BUAR), has moved from York to Chorley and is fully integrated within Willow Starcom Limited. Investment has been made in new software to better enable e-mail backup and retrieval.

The company's sales force has been trained in and is to target the selling of the BUAR service. Double digit growth in global storage requirements fuelled by compliance legislation, should bring more opportunities for both companies.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have recommended the following dividends:

	Period to 30 November 2005	Year to 31 December 2004
	£	£
Dividends paid on ordinary shares	<u>16,000</u>	<u>75,927</u>

DIRECTORS

The directors who served the company during the period were as follows:

A P Unsworth	
M Berry	
D Harrison	
C E Davies	(Appointed 27 July 2005)
B J Austin	(Appointed 27 June 2005)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

The non group directors interests (including family interests) in the shares of the ultimate parent company, Access Intelligence plc, were as follows:-

	Ordinary shares of 0.5p each	
	30 November 2005	On date of first appointment
	No	No
A P Unsworth	236,840	236,840
M Berry	236,840	236,840
D Harrison	<u>26,320</u>	<u>26,320</u>

WILLOW STARCOM LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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, as described on page 9, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITOR

Lionel Mosling & Company resigned as auditors in the period and the directors appointed Chadwick LLP as their successors. A resolution to re-appoint Chadwick LLP as auditors will be proposed at the next annual general meeting.

Registered office:
Regency House
Westminster Place
York Business Park
York
YO26 6RW

Signed on behalf of the directors



C E DAVIES

Director

Approved by the directors on 8 March 2006.

WILLOW STARCOM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

We have audited the financial statements of Willow Starcom Limited for the period from 1 January 2005 to 30 November 2005 on pages 6 to 15 which have been prepared on the basis of the accounting policies set out on page 9.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

WILLOW STARCOM LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WILLOW STARCOM LIMITED** *(continued)*

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Television House
10 - 12 Mount Street
Manchester
M2 5NT

CHADWICK LLP
Chartered Accountants
& Registered Auditors

8 March 2006

WILLOW STARCOM LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

	Note	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
TURNOVER	2	1,727,251	2,295,151
Cost of sales		1,078,082	1,676,455
GROSS PROFIT		649,169	618,696
Administrative expenses		570,051	514,154
OPERATING PROFIT	3	79,118	104,542
Interest receivable		5,800	5,363
Interest payable and similar charges	6	(15)	(8,017)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		84,903	101,888
Tax on profit on ordinary activities	7	6,370	25,923
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		78,533	75,965
Dividends	8	16,000	75,927
RETAINED PROFIT FOR THE FINANCIAL PERIOD		62,533	38
Balance brought forward		139,560	139,522
Balance carried forward		202,093	139,560

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 9 to 15 form part of these financial statements.

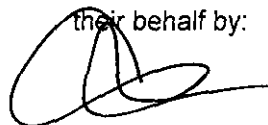
WILLOW STARCOM LIMITED

BALANCE SHEET

30 NOVEMBER 2005

	Note	30 Nov 05 £	31 Dec 04 £
FIXED ASSETS			
Tangible assets	9	21,628	42,034
CURRENT ASSETS			
Stocks	10	266,737	239,239
Debtors due within one year	11	516,264	380,042
Cash at bank		136,748	167,036
		919,749	786,317
CREDITORS: Amounts falling due within one year	12	739,184	687,691
NET CURRENT ASSETS		180,565	98,626
TOTAL ASSETS LESS CURRENT LIABILITIES		202,193	140,660
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	—	1,000
		202,193	139,660
CAPITAL AND RESERVES			
Called-up equity share capital	16	100	100
Profit and loss account		202,093	139,560
SHAREHOLDERS' FUNDS	17	202,193	139,660

These financial statements were approved by the directors on the 8 March 2006 and are signed on their behalf by:



C E DAVIES



B J AUSTIN

The notes on pages 9 to 15 form part of these financial statements.

WILLOW STARCOM LIMITED

CASH FLOW STATEMENT

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

	Note	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	6,645	20,878
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		5,800	5,363
Interest paid		—	(183)
Interest element of hire purchase and finance lease		(15)	(8,017)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		5,785	(2,837)
TAXATION		(24,370)	(21,632)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(5,848)	(19,464)
Receipts from sale of fixed assets		3,500	1,850
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(2,348)	(17,614)
EQUITY DIVIDENDS PAID		(16,000)	(75,927)
CASH OUTFLOW BEFORE FINANCING		(30,288)	(97,132)
FINANCING	19	—	(1,858)
DECREASE IN CASH	20	(30,288)	(98,990)

The notes on pages 9 to 15 form part of these financial statements.

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax. Maintenance and support contracts are accounted for on an accruals basis.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	20% and 33% on cost and reducing balance
Motor vehicles	-	20% reducing balance
Equipment	-	20% and 33% on cost and reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	11 mths to 30 Nov 05	Year to 31 Dec 04
	£	£
United Kingdom	<u>1,727,251</u>	<u>2,295,151</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Depreciation of owned fixed assets	25,772	36,421
(Profit)/Loss on disposal of fixed assets	(3,018)	866
Auditor's remuneration		
- as auditor	4,750	1,775
Operating lease costs:		
- Land & buildings	<u>39,090</u>	<u>39,307</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	11 mths to 30 Nov 05 No	Year to 31 Dec 04 No
Number of selling, distribution and administrative	<u>22</u>	<u>24</u>

The aggregate payroll costs of the above were:

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Wages and salaries	599,390	873,660
Social security costs	64,077	91,036
Other pension costs	12,983	16,670
Pensions paid to former employees	14,565	15,070
	<u>691,015</u>	<u>996,436</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Emoluments receivable	<u>186,782</u>	<u>179,106</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Finance charges	<u>15</u>	<u>8,017</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2004 - 24%)	11,000	28,000
(Over)/under provision in prior year	(3,630)	923
Total current tax	<u>7,370</u>	<u>28,923</u>
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	(1,000)	(3,000)
Tax on profit on ordinary activities	<u>6,370</u>	<u>25,923</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2004 - 24%).

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Profit on ordinary activities before taxation	<u>84,903</u>	<u>101,888</u>
Profit on ordinary activities by rate of tax	25,471	24,453
Depreciation in excess of capital allowances	3,613	923
Expenditure not allowable for tax purposes	32	3,547
(Over)/under provision in prior year	(3,630)	-
Marginal relief	(4,837)	-
Rounding in accounts provision	(31)	-
Group relief claimed	(13,248)	-
Total current tax (note 7(a))	<u>7,370</u>	<u>28,923</u>

8. DIVIDENDS

The following dividends have been paid in respect of the period:

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Dividend paid on ordinary shares	<u>16,000</u>	<u>75,927</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

9. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Motor vehicles £	Equipment £	Total £
COST				
At 1 January 2005	44,180	33,150	76,682	154,012
Additions	4,698	—	1,150	5,848
Disposals	—	(24,200)	—	(24,200)
At 30 November 2005	<u>48,878</u>	<u>8,950</u>	<u>77,832</u>	<u>135,660</u>
DEPRECIATION				
At 1 January 2005	25,643	30,760	55,575	111,978
Charge for the period	4,500	1,908	19,364	25,772
On disposals	—	(23,718)	—	(23,718)
At 30 November 2005	<u>30,143</u>	<u>8,950</u>	<u>74,939</u>	<u>114,032</u>
NET BOOK VALUE				
At 30 November 2005	<u>18,735</u>	<u>—</u>	<u>2,893</u>	<u>21,628</u>
At 31 December 2004	<u>18,537</u>	<u>2,390</u>	<u>21,107</u>	<u>42,034</u>

10. STOCKS

	30 Nov 05 £	31 Dec 04 £
Stock	<u>266,737</u>	<u>239,239</u>

11. DEBTORS

	30 Nov 05 £	31 Dec 04 £
Trade debtors	461,032	333,518
Amounts owed by group undertakings	5,650	1,450
Other debtors	—	3,780
Prepayments and accrued income	49,582	41,294
	<u>516,264</u>	<u>380,042</u>

12. CREDITORS: Amounts falling due within one year

	30 Nov 05 £	31 Dec 04 £
Trade creditors	169,697	191,212
Amounts owed to group undertakings	170,813	12,280
Corporation tax	11,000	28,000
PAYE and social security	22,004	22,889
VAT	12,832	79,398
Other creditors	7,950	14,170
Accruals and deferred income	344,888	339,742
	<u>739,184</u>	<u>687,691</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:

	30 Nov 05	Year to 31 Dec 04
	£	£
Provision brought forward	1,000	4,000
Profit and loss account movement arising during the period	(1,000)	(3,000)
Provision carried forward	<u>-</u>	<u>1,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	30 Nov 05	31 Dec 04
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	1,000
	<u>-</u>	<u>1,000</u>

14. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	30 Nov 05	31 Dec 04
	£	£
Operating leases which expire:		
After more than 5 years	<u>39,000</u>	<u>39,000</u>

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS8 not to disclose transactions with its parent company and its fellow wholly owned subsidiary companies, such details will be included within the consolidated accounts.

16. SHARE CAPITAL

Authorised share capital:

	30 Nov 05	31 Dec 04
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	30 Nov 05		31 Dec 04	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 Nov 05 £	31 Dec 04 £
Profit for the financial period	78,533	75,965
Dividends	(16,000)	(75,927)
	<u>62,533</u>	<u>38</u>
Opening shareholders' funds	139,660	139,622
Closing shareholders' funds	<u>202,193</u>	<u>139,660</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Operating profit	79,118	104,542
Interest payable	—	183
Depreciation	25,772	36,421
(Profit)/Loss on disposal of fixed assets	(3,018)	866
Increase in stocks	(27,498)	(43,917)
Increase in debtors	(136,222)	(50,619)
Increase/(decrease) in creditors	68,493	(26,598)
Net cash inflow from operating activities	<u>6,645</u>	<u>20,878</u>

19. FINANCING

	11 mths to 30 Nov 05 £	Year to 31 Dec 04 £
Capital element of hire purchase and finance lease	—	(1,858)
Net cash outflow from financing	<u>—</u>	<u>(1,858)</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	30 Nov 05 £	31 Dec 04 £
Decrease in cash in the period	(30,288)	(98,990)
Cash outflow in respect of hire purchase and finance lease	—	1,858
	<u>(30,288)</u>	<u>(97,132)</u>
Change in net funds	(30,288)	(97,132)
Net funds at 1 January 2005	167,036	264,168
Net funds at 30 November 2005	<u>136,748</u>	<u>167,036</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2005 TO 30 NOVEMBER 2005

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2005 £	Cash flows £	At 30 Nov 2005 £
Net cash:			
Cash in hand and at bank	167,036	(30,288)	136,748
Net funds	<u>167,036</u>	<u>(30,288)</u>	<u>136,748</u>

22. ULTIMATE PARENT COMPANY

The ultimate parent company is Access Intelligence Plc, a company incorporated in England and Wales. Copies of the consolidated accounts can be obtained from Companies House, Cardiff.