

**WILLOW STARCOM LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 NOVEMBER 2007**

THURSDAY



\*AGACH13X\*

A12

03/07/2008

117

COMPANIES HOUSE

**CHADWICK LLP**

Chartered Accountants & Registered Auditors  
The Lexicon  
10/12 Mount Street  
Manchester  
M2 5NT

# **WILLOW STARCOM LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2007**

---

<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2 to 3</b>
Independent auditor's report to the shareholders	<b>4 to 5</b>
Profit and loss account	<b>6</b>
Balance sheet	<b>7</b>
Cash flow statement	<b>8</b>
Notes to the financial statements	<b>9 to 16</b>

---

# **WILLOW STARCOM LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

---

**The board of directors**

M Berry  
D Harrison  
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  
The Lexicon  
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**

### **YEAR ENDED 30 NOVEMBER 2007**

---

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2007

#### **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 1 December 2006 the company acquired the trade and assets of BackUp and Running plc, a fellow subsidiary, and incorporated their activities as a trading division

The income strategy of the company is to build recurring revenues delivered through extendable contracts ranging between one to five years. We believe that this model will provide excellent visibility of future revenues and, with effective customer retention, outstanding gross margins over the longer term

The company had a steady year, launching a new e-mail archiving product towards the end of the period and re-shaping its sales force. During the year we completed the integration of our new online storage solution and we are once again building the customer base. The company appointed an experienced senior sales manager at the beginning of this new financial year and is optimistic about growing profits in 2008

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £35,068. The directors have not recommended a dividend

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the company's requirements. The company uses financial instruments comprising cash, liquid resources and items such as trade debtors and creditors that arise directly from its operations. The main risk arising from the company's financial instruments is liquidity risk. The board reviews the policies for managing this risk annually

#### **DIRECTORS**

The directors who served the company during the year were as follows

A P Unsworth	Resigned 31 December 2007
M Berry	
D Harrison	
C E Davies	Resigned 27 July 2007
B J Austin	

#### **DIRECTORS' RESPONSIBILITIES**

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

# WILLOW STARCOM LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2007

---

### DIRECTORS' RESPONSIBILITIES *(continued)*

In preparing these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

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



M BERRY  
Company secretary

Approved by the directors on 6 March 2008

**WILLOW STARCOM LIMITED****INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED****YEAR ENDED 30 NOVEMBER 2007**

---

We have audited the financial statements of Willow Starcom Limited for the year ended 30 November 2007, which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

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**

The directors' responsibilities for preparing 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.

**WILLOW STARCOM LIMITED****INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED** *(continued)***YEAR ENDED 30 NOVEMBER 2007**

---

**OPINION**

In our opinion

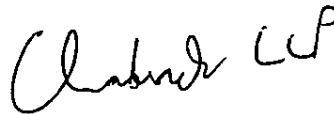
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its loss for the year then ended,

the financial statements 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

The Lexicon  
10/12 Mount Street  
Manchester  
M2 5NT

6 March 2008



CHADWICK LLP  
Chartered Accountants  
& Registered Auditors

# WILLOW STARCOM LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 NOVEMBER 2007

	Note	2007 £	2006 £
<b>TURNOVER</b>	<b>2</b>	2,347,049	2,013,404
Cost of sales		(1,605,886)	(1,325,796)
<b>GROSS PROFIT</b>		741,163	687,608
Administrative expenses		(700,165)	(547,509)
<b>OPERATING PROFIT BEFORE NON-RECURRING COSTS</b>		40,998	140,099
Non-recurring cost	<b>3</b>	(96,000)	—
<b>OPERATING (LOSS)/PROFIT</b>	<b>4</b>	(55,002)	140,099
Interest receivable		3,535	5,496
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(51,467)	145,595
Tax on (loss)/profit on ordinary activities	<b>8</b>	16,399	(34,000)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>18</b>	(35,068)	111,595

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 year as set out above

The notes on pages 9 to 16 form part of these financial statements.



# WILLOW STARCOM LIMITED

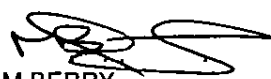
## BALANCE SHEET

30 NOVEMBER 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Intangible assets	9	66,768	59,146
Tangible assets	10	111,191	28,726
		<u>177,959</u>	<u>87,872</u>
<b>CURRENT ASSETS</b>			
Stocks	11	351,080	299,903
Debtors due within one year	12	935,043	757,754
Cash at bank		389,063	114,101
		<u>1,675,186</u>	<u>1,171,758</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(1,574,425)</u>	<u>(945,842)</u>
<b>NET CURRENT ASSETS</b>		<u>100,761</u>	<u>225,916</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>278,720</u>	<u>313,788</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	100	100
Profit and loss account	18	278,620	313,688
<b>SHAREHOLDERS' FUNDS</b>	19	<u>278,720</u>	<u>313,788</u>

These financial statements were approved by the directors on the 6 March 2008 and are signed on their behalf by

  
B J AUSTIN

  
M BERRY

The notes on pages 9 to 16 form part of these financial statements.

# WILLOW STARCOM LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2007

	Note	Year to 30 Nov 07 £	Year to 30 Nov 06 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<u>432,877</u>	<u>59,083</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<u>3,535</u>	<u>5,496</u>
<b>TAXATION</b>		<u>(24,933)</u>	<u>(12,668)</u>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire intangible fixed assets		(17,028)	(59,146)
Payments to acquire tangible fixed assets		(119,489)	(15,662)
Receipts from sale of fixed assets		-	250
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<u>(136,517)</u>	<u>(74,558)</u>
<b>INCREASE/(DECREASE) IN CASH</b>		<u>274,962</u>	<u>(22,647)</u>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
		<b>2007</b>	<b>2006</b>
		£	£
Operating (loss)/profit		(55,002)	140,099
Depreciation		37,024	8,564
Amortisation of development costs		9,406	-
Profit on disposal of fixed assets		-	(250)
Increase in stocks		(51,177)	(33,166)
Increase in debtors		(168,289)	(241,490)
Increase in creditors		660,915	185,326
Net cash inflow from operating activities		<u>432,877</u>	<u>59,083</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
		<b>2007</b>	<b>2006</b>
		£	£
Increase/(decrease) in cash in the period		<u>274,962</u>	<u>(22,647)</u>
Change in net funds	19	<u>274,962</u>	<u>(22,647)</u>
Net funds at 1 December 2006	19	<u>114,101</u>	<u>136,748</u>
Net funds at 30 November 2007	19	<u>389,063</u>	<u>114,101</u>

The notes on pages 9 to 16 form part of these financial statements.

# **WILLOW STARCOM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 NOVEMBER 2007**

---

### **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 year, adjusted for accrued income, exclusive of Value Added Tax

#### **Development costs**

Development expenditure is recorded as costs incurred on clearly defined unique projects whose outcome can be assessed with reasonable certainty and which are expected to lead to new products and revenue streams

#### **Amortisation**

Amortisation 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

Development costs – over a 10 year period from which the company is expected to benefit

#### **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
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

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

---

### 1 ACCOUNTING POLICIES *(continued)*

#### Pension costs

The group operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 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.

	2007 £	2006 £
United Kingdom	<u>2,347,049</u>	<u>2,013,404</u>

### 3 NON-RECURRING COSTS

During the year the company has provided £96,000 in respect of the redundancy and closure costs incurred when it closed its Bournemouth office.

### 4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	37,024	8,564
Amortisation of development costs	9,406	-
Profit on disposal of fixed assets	-	(250)
Auditor's remuneration		
- as auditor	5,150	5,000
- for other services	875	850
Operating lease costs		
Rent	<u>49,565</u>	<u>48,724</u>

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

### 5. PARTICULARS OF EMPLOYEES

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

	2007 No	2006 No
Number of selling, distribution and administrative staff	<u>25</u>	<u>23</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	869,189	754,284
Social security costs	92,573	86,974
Other pension costs	15,311	14,351
Directors' pension costs	19,570	10,981
	<u>996,643</u>	<u>866,590</u>

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	<u>294,318</u>	<u>218,552</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007 No	2006 No
Money purchase schemes	<u>3</u>	<u>3</u>

The interests of the non group directors in share options in the ultimate parent company, Access Intelligence Plc are as follows -

Name	Date of grant	Exercise price per ordinary share (p)	No. of ordinary shares under option	Exercise period
D Harrison	17 November 2007	6 75p	33,334	Nov 2009 to Nov 2016

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

### 7. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	-	34,000
Over provision in prior year	(32,399)	-
Total current tax	(32,399)	34,000
Deferred tax		
Origination and reversal of timing differences		
Capital allowances	16,000	-
Tax on (loss)/profit on ordinary activities	(16,399)	34,000

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	(51,467)	145,595
Loss)/profit on ordinary activities by rate of tax	(9,779)	43,679
Depreciation less than capital allowances	(8,400)	(1,583)
Expenditure not allowable for tax purposes	296	2
Over provision in prior year	(32,399)	-
Marginal relief	-	(2,566)
Rounding in accounts provision	-	271
Group relief claimed	-	(5,803)
Losses carried back	17,883	-
Total current tax (note 7(a))	(32,399)	34,000

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

### 8. INTANGIBLE FIXED ASSETS

	Development costs £
<b>COST</b>	
At 1 December 2006	59,146
Transfer from other group company	35,041
<b>At 30 November 2007</b>	<u>94,187</u>
<b>AMORTISATION</b>	
At 1 December 2006	-
Transfer from other group company	18,013
Charge for the year	9,406
<b>At 30 November 2007</b>	<u>27,419</u>
<b>NET BOOK VALUE</b>	
<b>At 30 November 2007</b>	<u>66,768</u>
At 30 November 2006	<u>59,146</u>

Development costs transferred in from other group company are from BackUp and Running plc which has now become a division of this company

### 9. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Equipment £	Total £
<b>COST</b>			
At 1 December 2006	51,484	78,352	129,836
Additions	29,477	52,175	81,652
Transfer from other group company	-	90,197	90,197
<b>At 30 November 2007</b>	<u>80,961</u>	<u>220,724</u>	<u>301,685</u>
<b>DEPRECIATION</b>			
At 1 December 2006	33,743	67,367	101,110
Transfer from other group company	-	52,360	52,360
Charge for the year	4,500	32,524	37,024
<b>At 30 November 2007</b>	<u>38,243</u>	<u>152,251</u>	<u>190,494</u>
<b>NET BOOK VALUE</b>			
<b>At 30 November 2007</b>	<u>42,718</u>	<u>68,473</u>	<u>111,191</u>
At 30 November 2006	<u>17,741</u>	<u>10,985</u>	<u>28,726</u>

Equipment transferred in from other group company is from BackUp and Running plc which has now become a division of this company

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

### 10. STOCKS

	2007 £	2006 £
Stock	<u>351,080</u>	<u>299,903</u>

### 11. DEBTORS

	2007 £	2006 £
Trade debtors	476,383	501,583
Amounts owed by group undertakings	365,634	211,340
Corporation tax	25,000	-
Prepayments and accrued income	<u>68,026</u>	<u>44,831</u>
	<u>935,043</u>	<u>757,754</u>

### 12. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	318,308	170,373
Amounts owed to group undertakings	681,754	358,691
Corporation tax	-	32,332
PAYE and social security	54,646	24,040
VAT	33,113	27,352
Other creditors	-	7,950
Accruals and deferred income	<u>486,604</u>	<u>325,104</u>
	<u>1,574,425</u>	<u>945,842</u>

### 13. DEFERRED TAXATION

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	-	-
Transferred from other group company	16,000	-
Release to profit and loss account	<u>(16,000)</u>	<u>-</u>
Balance carried forward	<u>-</u>	<u>-</u>



# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

### 14. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	2007	2006
	£	£
Operating leases which expire		
In less than one year	8,490	—
After more than 5 years	<u>25,725</u>	<u>48,000</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, on the grounds that it is a subsidiary of Access Intelligence plc, which prepares consolidated accounts

### 16. SHARE CAPITAL

Authorised share capital:

	2007	2006
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 17. RESERVES

	Profit and loss account
	£
Balance brought forward	313,688
(Loss)/Profit for the year	<u>(35,068)</u>
Balance carried forward	<u>278,620</u>

### 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
(Loss)/Profit for the financial year	(35,068)	111,595
Opening shareholders' funds	<u>313,788</u>	<u>202,193</u>
Closing shareholders' funds	<u>278,720</u>	<u>313,788</u>

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

---

### 19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Dec 2006 £	Cash flows £	At 30 Nov 2007 £
Net cash			
Cash in hand and at bank	114,101	274,962	389,063
Net funds	<u>114,101</u>	<u>274,962</u>	<u>389,063</u>

### 20. 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.