

Willow Starcom Limited

Registered number 02286795

Directors' report and financial statements

For the year ended 30 November 2011

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WILLOW STARCOM LIMITED

COMPANY INFORMATION

Directors	M Berry D Harrison M E W Jackson
Company secretary	M Berry
Company number	02286795
Registered office	32 Bedford Row London WC1R 4HE
Auditors	Mazars LLP Chartered Accountants & Statutory Auditors Tower Bridge House St Katharine's Way London E1W 1DD
Bankers	National Westminster Bank plc Arndale House 243 High Street North Poole Dorset BH15 1BD

WILLOW STARCOM LIMITED

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WILLOW STARCOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011

The directors present their report and the financial statements for the year ended 30 November 2011

Principal activities

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

Business review

Willow Starcom had a transformational year in 2011 as the business moved away from traditional channel hardware maintenance towards direct end-user hosted services. This shift led to a significant improvement in the quality of earnings with the replacement of channel business with revenue generated from direct end user relationships. We continued to invest and develop the cloud based solutions and services both for SMEs, predominantly in the North West of England, and to support the hosting requirements of the Group's own brands.

2012 brings the launch of AICloud, as the Group's infrastructure solution for the delivery of our Software as a Service (SaaS) proposition.

Results and dividends

The profit for the year, after taxation, amounted to £204,760 (2010 £149,566)

The directors have paid a dividend of £100,000 (2010 £nil) to the shareholders

Key performance indicators

On a monthly basis management accounts are prepared which provide performance indicators covering sales, gross margins, overhead costs, operating profit, EBITDA and cash flow. The key performance indicators for the year are -

	2011	2010
Revenue	1,909,990	1,770,232
Gross Margin (%)	46	47
EBITDA	246,765	189,289
Profit after taxation	204,760	149,289
Cash balances	372,610	361,773

These performance indicators are measured both against an approved budget and the previous year's actual results. The managing director provides a three month forecast of projected profitability on a monthly basis as part of their operations reporting to the Group board. These are used in conjunction with the controls detailed in the group corporate governance statement and relate to a wide variety of aspects of the business.

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.

WILLOW STARCOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011

Research and development activities

The company continues to invest in research and development with a view to improving its current product range and creating new software in a bid to secure competitive advantage

Where not meeting the criteria for capitalisation, research and development costs are written off as incurred

Going concern

The company's business activities, together with the factors likely to affect its future development and key risks are described in this report

The company has considerable financial resources together with long term contracts for a number of customers across different geographic areas and business sectors. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Directors

The directors who served during the year were

M Berry
D Harrison
M E W Jackson

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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

WILLOW STARCOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Auditors

The directors propose that Mazars LLP remain in office as auditors to the company under section 487(2) Companies Act 2006

This report was approved by the board and signed on its behalf

M Berry
Secretary



Date 29 June 2012

32 Bedford Row
London
WC1R 4HE

WILLOW STARCOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED

We have audited the financial statements of Willow Starcom Limited for the year ended 30 November 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

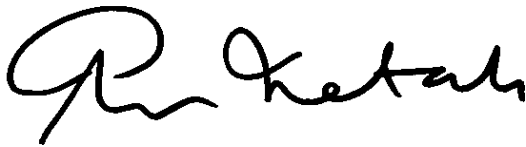
WILLOW STARCOM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Metcalfe (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date 3/7/2012

WILLOW STARCOM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2011

	Note	2011 £	2010 £
Turnover	1,2	1,909,990	1,770,232
Cost of sales		(1,037,849)	(944,297)
Gross profit		872,141	825,935
Administrative expenses		(662,376)	(669,696)
Operating profit	3	209,765	156,239
Interest receivable and similar income		1,203	-
Profit on ordinary activities before taxation		210,968	156,239
Tax on profit on ordinary activities	7	(6,208)	(6,673)
Profit for the financial year	14	204,760	149,566

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 8 to 16 form part of these financial statements

WILLOW STARCOM LIMITED

Registered number 02286795

**BALANCE SHEET
AS AT 30 NOVEMBER 2011**

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	8		90,502		70,170
Current assets					
Stocks	9	253,215		245,192	
Debtors	10	765,809		707,168	
Cash at bank		372,610		361,773	
			<u>1,391,634</u>	<u>1,314,133</u>	
Creditors amounts falling due within one year	11	(805,530)		(818,665)	
Net current assets			<u>586,104</u>		<u>495,468</u>
Total assets less current liabilities			676,606		565,638
Provisions for liabilities					
Deferred tax	12		(8,208)		(2,000)
Net assets			<u>668,398</u>		<u>563,638</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		668,298		563,538
Shareholders' funds	15		<u>668,398</u>		<u>563,638</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

M Berry
Director

Date 29 June 2012

M E W Jackson
Director

Date 29 June 2012

The notes on pages 8 to 16 form part of these financial statements

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

1 Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax. The methodology applied to income recognition is dependent upon the goods or services being supplied.

In respect of income relating to annual maintenance contracts and/or hosted services which are invoiced in advance, it is the group's policy to spread the income of each contract equally over the contract's life. The full value of each sale being credited to deferred income when invoiced to be released to the profit and loss account in equal instalments over the contract period.

1.3 Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement on the grounds that consolidated financial statements including the company are publicly available.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	20% and 33% on cost and reducing balance
Office equipment	-	20% and 33% on cost and reducing balance

1.5 Stocks

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

1.6 Operating leases

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.

1.7 Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

1 Accounting Policies (continued)

1.7 Pensions

The Company 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.

1.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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.

1.9 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on an estimate of shares that will eventually vest.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	37,000	33,000
Operating lease rentals		
- land and buildings	26,147	32,185
	<u>63,147</u>	<u>65,185</u>

4. Auditors' remuneration

	2011 £	2010 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,200	6,600
Fees payable to the Company's auditor and its associates in respect of		
Other services relating to taxation	1,000	-
	<u>7,200</u>	<u>6,600</u>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	695,067	705,603
Social security costs	73,736	73,770
Other pension costs	28,267	33,901
	<u>797,070</u>	<u>813,274</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	2010 No.
Number of selling, distribution and administrative staff	<u>18</u>	<u>21</u>

6. Directors' remuneration

	2011	2010
Emoluments	<u>223,976</u>	<u>156,923</u>
Company pension contributions to defined contribution pension schemes	<u>14,583</u>	<u>13,856</u>

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £112,803 (2010 £76,448) and pension contributions of £7,292 (2010 £6,929)

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 price
D Harrison	24 April 2006	7 50p	682,826	Apr 2009 to Apr 2016
	17 November 2006	6 75p	33,334	Nov 2009 to Nov 2016
	4 December 2009	5 50p	400,000	Dec 2012 to Dec 2019

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

7 Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Adjustments in respect of prior periods	-	8,673
Total current tax	-	8,673
Deferred tax		
Origination and reversal of timing differences	(6,208)	(2,000)
Tax losses	-	-
Total deferred tax (see note 12)	(6,208)	(2,000)
Tax on profit on ordinary activities	(6,208)	6,673

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	210,968	156,239
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.7% (2010 - 28%)	56,250	43,747
Effects of:		
Expenses not deductible for tax purposes	769	839
Capital allowances for year in excess of depreciation	(6,423)	(118)
Adjustments to tax charge in respect of prior periods	-	8,673
Impact of rate change	(426)	-
Group relief	(50,170)	(44,468)
Current tax charge for the year (see note above)	-	8,673

Factors that may affect future tax charges

There were no factors that may affect future tax charges

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

8. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost			
At 1 December 2010	67,820	252,003	319,823
Additions	666	56,666	57,332
	<hr/>	<hr/>	<hr/>
At 30 November 2011	68,486	308,669	377,155
Depreciation			
At 1 December 2010	55,578	194,075	249,653
Charge for the year	5,500	31,500	37,000
	<hr/>	<hr/>	<hr/>
At 30 November 2011	61,078	225,575	286,653
Net book value			
At 30 November 2011	7,408	83,094	90,502
	<hr/>	<hr/>	<hr/>
At 30 November 2010	12,242	57,928	70,170
	<hr/>	<hr/>	<hr/>

9. Stocks

	2011 £	2010 £
Stock	253,215	245,192
	<hr/>	<hr/>

10. Debtors

	2011 £	2010 £
Trade debtors	339,953	370,161
Amounts owed by group undertakings	350,183	274,561
Prepayments and accrued income	75,673	62,446
	<hr/>	<hr/>
	765,809	707,168
	<hr/>	<hr/>

WILLOW STARCOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

11 Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	180,185	131,621
Amounts owed to group undertakings	108,320	157,110
Social security and other taxes	45,973	55,836
Accruals and deferred income	471,052	474,098
	<u>805,530</u>	<u>818,665</u>

12. Deferred taxation

	2011 £	2010 £
At beginning of year	2,000	4,000
Charge for/(released during) year	6,208	(2,000)
	<u>8,208</u>	<u>2,000</u>
At end of year	<u>8,208</u>	<u>2,000</u>

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>8,208</u>	<u>2,000</u>

13. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. Reserves

	Profit and loss account £
At 1 December 2010	563,538
Profit for the year	204,760
Dividends Equity capital	(100,000)
	<u>668,298</u>
At 30 November 2011	<u>668,298</u>

WILLOW STARCOM LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2011

15 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	563,638	414,072
Profit for the year	204,760	149,566
Dividends (note 16)	(100,000)	-
	<hr/>	<hr/>
Closing shareholders' funds	668,398	563,638
	<hr/>	<hr/>

16. Dividends

	2011 £	2010 £
Equity dividends declared and paid on ordinary shares	100,000	-
	<hr/>	<hr/>

17. Contingencies and guarantees

The company's bankers have a debenture to include fixed and floating charges over all current and future assets of the company

18. Pension commitments

During the year, pension contributions totalled £28,267 (2010 £29,622) of which £nil (2010 £nil) was outstanding at the year end

19 Share-based payments

Under UK GAAP a charge is made to the profit and loss account based on the fair value of grants in accordance with Financial Reporting Standard 20 'Share-based payment' All share awards are equity-settled

On 24 April 2006, 17 November 2007 and 24 December 2009, employees of Willow Starcom Limited were granted share options in the parent company, Access Intelligence Plc

The charge to the profit and loss account for the year ended 30 November 2011 was £nil (2010 £nil)

Number of options	No.
Opening number	1,116,160
Granted	-
Lapsed	-
Exercised	-
Closing number	1,116,160
	<hr/>

The fair values of the award have been calculated using the Black Scholes model

WILLOW STARCOM LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2011

19. Share-based payments (continued)

The fair values of these options granted were estimated using the following principal assumptions

	24 April 2006	17 November 2006	4 December 2009
Principal assumptions			
Share price at grant date	7 50p	6 75p	5 50p
Exercise price	7 50p	6 75p	5 50p
Expected volatility	72%	72%	72%
Expected life of options	7 years	7 years	7 years
Expected dividend yield	0%	0%	0%
Risk free rate	2 64%	2 64%	2 64%

20. Operating lease commitments

At 30 November 2011 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011	2010
Expiry date		
Within 1 year	10,855	120
Between 2 and 5 years	-	30,773

21. 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 consolidated financial statements including the company are publicly available

22. Ultimate parent undertaking and controlling party

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