

# **Willow Starcom Limited**

Registered number 02286795

## **Directors' report and financial statements**

**For the year ended 30 November 2012**



# WILLOW STARCOM LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Berry D Harrison M E W Jackson
<b>Company secretary</b>	M Berry
<b>Company number</b>	02286795
<b>Registered office</b>	32 Bedford Row London WC1R 4HE
<b>Auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD
<b>Bankers</b>	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 2012**

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The directors present their report and the financial statements for the year ended 30 November 2012

### **Principal activities**

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

### **Business review**

Willow Starcom has continued to move away from its previously traditional channel of hardware maintenance, towards direct end-user hosted services. This shift led to a significant improvement in product margins, with the replacement of channel business by revenue generated from direct end user relationships. We have 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 Access Intelligence Company brands.

2012 saw the launch of AICloud, as the standard infrastructure solution for the delivery of our SaaS proposition. With successful security and penetration testing, by the security and IT teams of market leading customers, the AICloud solution has continued to demonstrate the resilience and value of its offering. 2012 saw the acquisition of AICloud's first large enterprise solution, outside of the SaaS platform it delivers for Access Intelligence customers.

### **Results and dividends**

The profit for the year, after taxation, amounted to £ 134,916 (2011 - £204,760)

The directors have paid a dividend of £ Nil (2011 £100,000) to the shareholders

### **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 2012**

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### **Directors**

The directors who served during the year were

M Berry  
D Harrison  
M E W Jackson

### **Directors' responsibilities statement**

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 2012

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### 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) of the Companies Act 2006

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



**M Berry**  
Secretary

Date 30 MAY 2013

32 Bedford Row  
London  
WC1R 4HE

# **WILLOW STARCOM LIMITED**

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

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We have audited the financial statements of Willow Starcom Limited for the year ended 30 November 2012, 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 auditors**

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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on 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 2012 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 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 AUDITOR'S REPORT TO THE SHAREHOLDERS OF WILLOW STARCOM LIMITED

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#### 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

30/5/2013



# WILLOW STARCOM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2012

	Note	2012 £	2011 £
Turnover	1,2	2,000,654	1,909,990
Cost of sales		<u>(1,109,310)</u>	<u>(1,037,849)</u>
Gross profit		891,344	872,141
Administrative expenses		<u>(767,915)</u>	<u>(662,376)</u>
Operating profit	3	123,429	209,765
Interest receivable and similar income		<u>869</u>	<u>1,203</u>
Profit on ordinary activities before taxation		124,298	210,968
Tax on profit on ordinary activities	7	<u>10,618</u>	<u>(6,208)</u>
Profit for the financial year	14	<u><u>134,916</u></u>	<u><u>204,760</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 8 to 15 form part of these financial statements

**WILLOW STARCOM LIMITED**

Registered number 02286795

**BALANCE SHEET  
AS AT 30 NOVEMBER 2012**

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	8		142,027		90,502
<b>Current assets</b>					
Stocks	9	190,790		253,215	
Debtors	10	837,616		765,809	
Cash at bank		<u>432,119</u>		<u>372,610</u>	
		1,460,525		1,391,634	
<b>Creditors:</b> amounts falling due within one year	11	<u>(799,238)</u>		<u>(805,530)</u>	
<b>Net current assets</b>			<u>661,287</u>		<u>586,104</u>
<b>Total assets less current liabilities</b>			803,314		676,606
<b>Provisions for liabilities</b>					
Deferred tax asset liability	12		<u>-</u>		<u>(8,208)</u>
<b>Net assets</b>			<u>803,314</u>		<u>668,398</u>
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Profit and loss account	14		<u>803,214</u>		<u>668,298</u>
<b>Shareholders' funds</b>	15		<u>803,314</u>		<u>668,398</u>

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

M Berry  
Director



Date 30 MAY 2013

M E W Jackson  
Director



Date 30 MAY 2013

The notes on pages 8 to 15 form part of these financial statements

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

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### 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 Cash flow

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

#### 1.3 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.

#### 1.4 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
Office equipment	-	20% and 33% on cost
Hosting equipment	-	20% and 33% on cost

#### 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 2012

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### 1 Accounting Policies (continued)

#### 1.8 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.

#### 1.9 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.

#### 1.10 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

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	59,457	37,000
Operating lease rentals		
- land and buildings	35,121	26,147
Loss on disposal of fixed assets	<u>17,290</u>	<u>-</u>

### 4 Auditor's remuneration

	2012 £	2011 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,200	6,200
Fees payable to the Company's auditor and its associates in respect of		
Other services relating to taxation	<u>1,000</u>	<u>1,000</u>

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	699,994	695,067
Social security costs	73,388	73,736
Other pension costs	28,602	28,267
	<u>801,984</u>	<u>797,070</u>

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

	2012 No.	2011 No.
Number of selling, distribution and administrative staff	<u>20</u>	<u>18</u>

### 6. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>215,247</u>	<u>223,976</u>
Company pension contributions to defined contribution pension schemes	<u>14,900</u>	<u>14,583</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £108,078 (2011 £112,803) and pension contributions of £7,450 (2011 £7,292)

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

### 7 Taxation

	2012 £	2011 £
<b>Analysis of tax (credit)/charge in the year</b>		
Current tax (see note below)	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax (see note 12)</b>		
Origination and reversal of timing differences	<u>(10,618)</u>	<u>6,208</u>
<b>Tax (credit)/charge on profit on ordinary activities</b>	<u>(10,618)</u>	<u>6,208</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24 7% (2011 – 26 7%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>124,298</u>	<u>210,968</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 7% (2011 – 26 7%)	30,661	56,250
<b>Effects of</b>		
Expenses not deductible for tax purposes	167	769
Capital allowances for year in excess of depreciation	11,186	(6,423)
Impact of rate change/marginal relief	(513)	(426)
Group relief	(41,501)	(50,170)

#### Current tax charge for the year (see note above)

<u>-</u>	<u>-</u>
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#### 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 2012

### 8. Tangible fixed assets

	Hosting equipment £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 December 2011	-	68,486	308,669	377,155
Transfers from stock	9,400	-	-	9,400
Additions	41,578	16,175	61,951	119,704
Disposals	-	(49,730)	(121,235)	(170,965)
At 30 November 2012	<u>50,978</u>	<u>34,931</u>	<u>249,385</u>	<u>335,294</u>
<b>Depreciation</b>				
At 1 December 2011	-	61,078	225,575	286,653
Transfers from stock	833	-	-	833
Charge for the year	7,957	2,000	49,500	59,457
Depreciation on Disposals	-	(44,564)	(109,112)	(153,676)
At 30 November 2012	<u>8,790</u>	<u>18,514</u>	<u>165,963</u>	<u>193,267</u>
<b>Net book value</b>				
At 30 November 2012	<u>42,188</u>	<u>16,417</u>	<u>83,422</u>	<u>142,027</u>
At 30 November 2011	<u>-</u>	<u>7,408</u>	<u>83,094</u>	<u>90,502</u>

### 9 Stocks

	2012 £	2011 £
Stock	<u>190,790</u>	<u>253,215</u>

### 10. Debtors

	2012 £	2011 £
Trade debtors	375,110	339,953
Amounts owed by group undertakings	375,346	350,183
Prepayments and accrued income	84,750	75,673
Deferred tax asset	2,410	-
	<u>837,616</u>	<u>765,809</u>

# WILLOW STARCOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

### 11 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	168,753	180,185
Amounts owed to group undertakings	93,023	108,320
Social security and other taxes	73,316	45,973
Accruals and deferred income	464,146	471,052
	<u>799,238</u>	<u>805,530</u>

### 12. Deferred taxation asset/(liability)

	2012 £	2011 £
At beginning of year	(8,208)	(2,000)
(Credit)/charge for year	10,618	(6,208)
	<u>2,410</u>	<u>(8,208)</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>2,410</u>	<u>(8,208)</u>

### 13. Share capital

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares shares of £1 each	<u>100</u>	<u>100</u>

### 14. Reserves

	Profit and loss account £
At 1 December 2011	668,298
Profit for the year	134,916
	<u>803,214</u>
At 30 November 2012	



# WILLOW STARCOM LIMITED

## SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2012

### 15. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	668,398	563,638
Profit for the year	134,916	204,760
Dividends (Note 16)	-	(100,000)
Closing shareholders' funds	<u>803,314</u>	<u>668,398</u>

### 16. Dividends

	2012 £	2011 £
Dividends paid on equity capital	<u>-</u>	<u>100,000</u>

### 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 £28,602 (2011 £28,267) of which £nil (2011 £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 2012 was £nil (2011 £nil)

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

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

# WILLOW STARCOM LIMITED

## SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2012

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

	24 April 2006	17 November 2006	4 December 2009
<b>Principal assumptions</b>			
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 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Other Assets		Land and buildings	
	2012	2011	2012	2011
	£	£	£	£
<b>Expiry date</b>				
Within 1 year	-	-	-	10,855
Between 2 and 5 years	36,020	-	60,122	-

### 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