

02936545

Software Stationery Specialists Limited

Report and Financial Statements

31 December 2004



Software Stationery Specialists Limited

Registered No: 2736545

Directors

J C E Cromack
F C McGoldrick
D Caldwell
P R V Houston (resigned 28 June 2005)
J T Wong
T Brettell (resigned 12 January 2004)
S Avery (resigned 12 January 2004)

Secretary

A C Smith

Auditors

KPMG
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Bankers

HSBC Bank Plc
49 Corn Street
Bristol
BS99 7PP

Solicitors

Berwin Leighton Paisner
Adelaide House
London Bridge
London
EC4R 9HA

Registered Office

Access House
The Promenade
Clifton Down
Bristol
BS8 3AQ

Registered No: 2736545

Directors' report

Year ended 31 December 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit after taxation for the year amounted to £574,585 (2003 - £1,085,510). A distribution of £2,605,531 was made to the parent company in the year (2003 - £NIL). The retained loss for the year of £2,030,946 (2003 profit - £1,085,510) has been transferred to reserves.

Review of the business and future developments

The principal activity of the company was the provision of print related marketing services. On 30 June 2004 the trade, assets and liabilities of the company were transferred to Access Plus Marketing Services Limited.

Directors and their interests

The Directors who held office at 31 December 2004 had no interests other than those shown below in the shares in, or debentures or loan stock of the company or group of companies.

TripleArc Plc

Ordinary shares of 5p each

	At 31 December 2004	At 1 January 2004
J C E Cromack	4,617,705	4,617,705
P R V Houston (resigned 15 July 2005) (1)	1,098,820	762,760
J T Wong (2)	2,210,000	2,210,000
F C McGoldrick	588,015	588,015
D Caldwell	-	323,383

1. 27,041 shares in which Mr Houston is interested are held by him on trust for his sons, and 13,181 shares are held by his wife, Mrs S C Houston. On 9 January 2004, Mr Houston sold 400,000 shares at 18.25p in connection with his exercise of options over Access Plus Plc shares during the offer for that company.
2. The shares in which JT Wong is interested are held by Pertama Limited, an investment holding company registered in the British Virgin Islands, which is wholly owned by a trust settled by David Wong, one of the beneficiaries of which is JT Wong.

Details of the Directors' beneficial interests in share options in TripleArc Plc (the companies ultimate parent undertaking) are as follows:

Director	At the beginning of the year or date of appointment if later, and end of the year. No. of shares under options	Weighted average exercise price per share	First date exercisable	Last date exercisable
J C E Cromack	1,403,738	19.00p	-	31 October 2007
P R V Houston	450,000	16.00p	-	30 June 2006
J T Wong	3,145,000	12.40p	18 January 2002	31 October 2007

The ability of the Directors to exercise share options depends on certain trigger events. None of these events have triggered as at the date of approval of these financial statements.

Registered No: 2736545

Directors' report

Year ended 31 December 2004

Directors and their interests *(continued)*

The following Director held guaranteed Loan Notes that were issued by Access Plus Limited, an intermediate parent undertaking:

	31 December 2004	1 January 2004
	£	£
D Caldwell	Nil	32,472

According to the register of Directors' interests, no other rights (save those shown above) to subscribe for shares in or debentures of the Company or any other Group company were granted to any Director or their immediate families, or exercised by them during the financial year.

Directors' responsibilities

Company law requires the Directors to prepare in accordance with applicable United Kingdom law and accounting standards, 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 for that period. In preparing those 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 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 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. They have general responsibility for taking such steps as are reasonable to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act, 1985, a resolution for the appointment of KPMG as the company's auditor is to be proposed at the Annual General Meeting.

By order of the board



J C E Cromack
Director

Date 9/1/06

Registered No: 2736545

Independent auditor's report

Year ended 31 December 2004

We have audited the company's financial statements on pages 5 to 13.

This report is made solely to the company's members, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Directors' Report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

9 January 2006

Profit and loss account

for the year ended 31 December 2004

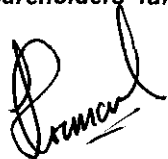
	Notes	2004 £	2003 £
Turnover – discontinued operations	2	4,523,696	8,410,318
Cost of sales		(3,096,640)	(5,481,961)
Gross profit		<u>1,427,056</u>	<u>2,928,357</u>
Administrative expenses		(737,427)	(1,383,819)
Operating profit	3	699,629	1,544,538
Interest receivable	5	10,150	4,138
Profit on ordinary activities before taxation		<u>709,779</u>	<u>1,548,676</u>
Tax on profit on ordinary activities	7	(135,243)	(463,166)
Profit for the financial year after taxation		<u>574,536</u>	<u>1,085,510</u>
Distribution payable	6	(2,605,482)	-
Retained (loss)/profit for the financial year		<u>(2,030,946)</u>	<u>1,085,510</u>
Profit and loss account at the beginning of the year	16	2,030,946	945,436
Profit and loss account at the end of the year		<u>-</u>	<u>2,030,946</u>

The company had no recognised gains or losses in the financial year or the preceding financial year other than those dealt with in the profit and loss account.

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	-	1,078,176
		<hr/>	<hr/>
		-	1,078,176
Current assets			
Stocks	10	-	421,046
Debtors	11	3,354,744	4,988,937
Cash at bank and in hand		-	542,535
		<hr/>	<hr/>
		3,354,744	5,952,518
Creditors: amounts falling due within one year	12	(2,605,482)	(4,211,687)
		<hr/>	<hr/>
Net current assets		749,262	1,740,831
		<hr/>	<hr/>
Total assets less current liabilities		749,262	2,819,007
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	13	-	(21,266)
		<hr/>	<hr/>
Provisions for liabilities and charges			
Deferred taxation	14	-	(17,533)
		<hr/>	<hr/>
Net assets		749,262	2,780,208
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	749,262	749,262
Profit and loss account	16	-	2,030,946
		<hr/>	<hr/>
Shareholders' funds - Equity		749,262	2,780,208
		<hr/>	<hr/>


J C E Cromack
Director

Date 9.1.06.

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

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

Goodwill and intangible fixed assets

Goodwill represents the excess of the acquisition consideration over the fair value of the identifiable net assets acquired. Intangible fixed assets represent the cost of acquiring the copyright inherent in the design of business forms for specific accounting software packages, either by way of absolute assignment or on a long-term licence. Goodwill and intangible fixed assets are capitalised and amortised on a straight-line basis over the expected useful economic lives of the assets concerned but not exceeding a maximum of 20 years.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Freehold land	-	nil
Freehold buildings	-	40 years
Plant and machinery	-	10 years
Motor vehicles	-	4 years
Fixtures, fittings and computers	-	5 years

Stocks

Stocks are stated at the lower of cost, on a first-in, first-out basis and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates ruling on that date. The resultant differences are charged or credited in the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pensions

The company operates a group personal pension scheme on a defined contribution basis for all qualifying employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (*continued*)

Leasing commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Cashflow statement

The company has availed of the exemption in Financial Reporting Standard No.1: Cashflow Statements (FRS1) from the preparation of a cashflow statement as it is a wholly owned subsidiary of a parent company which has produced a group cashflow statement in accordance with the standard.

Government grants

Government grants received are allocated pro-rata against the qualifying expenditure. Amounts relating to revenue expenditure in respect of job creation are credited to profit and loss account immediately upon receipt. Amounts in respect of capital expenditure are treated as deferred income and released to profit and loss account over the lives of the qualifying assets.

2. Turnover

Turnover represents the amount derived from the provision of goods and services during the year stated net of value added tax. The turnover and pre-tax profit is attributable to one continuing activity, the provision of print related marketing services.

The company's operations are located solely within the United Kingdom and constitute a single class of business. The analysis of turnover by geographical area is set out below:

	2004	2003
	£	£
United Kingdom	4,523,696	8,267,617
Rest of Europe	-	139,471
Rest of the world	-	3,230
	<u>4,523,696</u>	<u>8,410,318</u>

3. Operating profit

This is stated after charging/(crediting):

	2004	2003
	£	£
Amortisation of goodwill and intangible fixed assets	-	833
Depreciation of tangible fixed assets	30,824	58,851
Amortisation of government grants	-	(4,116)
Hire of motor vehicles under operating leases	6,030	14,810
Auditors' remuneration	-	5,000
	<u></u>	<u></u>

Notes to the financial statements

at 31 December 2004

4. Staff costs

	2004	2003
	£	£
Wages and salaries	464,363	789,617
Social security costs	52,530	83,178
Pension costs	19,231	35,019
	<u>536,124</u>	<u>907,814</u>

The average monthly number of employees during the year was 28 in sales and administration (2003 - 30) and 3 in stores and production (2003 - 5).

	2004	2003
	£	£
Emoluments	75,675	166,766
Company pension contributions to a defined contribution scheme	-	7,640
	<u>75,675</u>	<u>174,406</u>

	2004	2003
	No.	No.
Members of defined contribution pension schemes	1	1

5. Interest receivable

	2004	2003
	£	£
Bank deposits	10,150	4,138

6. Distribution payable

	2004	2003
	£	£
Distribution payable	2,605,482	-
	<u>2,605,482</u>	<u>-</u>

On 5 July 2004, the trade of Software Stationery Specialists Limited was sold to Access Plus Marketing Services Limited as a going concern, together with the assets and liabilities of the company at that date. The business was sold for consideration of £3,354,744, being the market value of the assets less the liabilities at the date of transfer.

Prior to 5 July 2004, the distributable reserves of the company (£2,605,482) were distributed to its parent company, Software Stationery Holdings Limited.

Notes to the financial statements

at 31 December 2004

7. Tax on profit on ordinary activities

a) The tax charge is made up as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	135,243	458,384
Tax under provided in previous years	-	1,835
	<u>135,243</u>	<u>460,219</u>
Deferred tax (note 14)		
Origination and reversing of timing differences	-	2,947
	<u>-</u>	<u>2,947</u>
Tax on profit on ordinary activities	<u>135,243</u>	<u>463,166</u>

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2003 – lower) than the standard rate of corporation tax in the UK of 30% (2003 – 30%). The differences are reconciled below:

	2004	2003
	£	£
Profit on ordinary activities before tax	709,828	1,548,676
	<u>709,828</u>	<u>1,548,676</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	212,948	464,603
Expenses not deductible for tax purposes	4,587	18,171
Accelerated capital allowances	(1,521)	(24,390)
Group relief surrendered from group companies	(80,771)	-
Tax under provided in previous years	-	1,835
	<u>135,243</u>	<u>460,219</u>

8. Intangible fixed assets

Intellectual property (copyrights, trade marks and goodwill)

	£
Cost:	
At 1 January	10,000
Transferred during the year	(10,000)
	<u>-</u>
At 31 December 2004	<u>-</u>
Amortisation:	
At 1 January 2004	10,000
Transferred during the year	(10,000)
	<u>-</u>
At 31 December 2004	<u>-</u>
Net book value:	
At 31 December 2004 and 31 December 2003	<u><u>-</u></u>

Notes to the financial statements

at 31 December 2004

9. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and computers</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2004	1,026,342	52,126	406,910	1,485,378
Additions	-	362	6,735	7,097
Transferred during the year	(1,026,342)	(52,488)	(413,645)	(1,492,475)
At 31 December 2004	-	-	-	-
Depreciation:				
At 1 January 2004	95,210	27,097	284,895	407,202
Provided during the year	8,120	2,617	20,087	30,824
Transferred during the year	(103,330)	(29,714)	(304,982)	(438,026)
At 31 December 2004	-	-	-	-
Net book value:				
At 31 December 2004	-	-	-	-
At 31 December 2003	931,132	25,029	122,015	1,078,176

10. Stocks

	2004	2003
	£	£
Goods for resale	-	421,046

11. Debtors

	2004	2003
	£	£
Trade debtors	-	1,402,271
Amounts due from group undertakings	3,354,744	3,540,897
Prepayments and accrued income	-	45,769
	3,354,744	4,988,937

Notes to the financial statements

at 31 December 2004

12. Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	-	804,577
Amounts due to group undertakings	2,605,482	3,028,007
Corporation tax	-	126,751
Other taxes and social security	-	142,905
Accruals and deferred income	-	109,447
	<u>2,605,482</u>	<u>4,211,687</u>

13. Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Deferred income – government grants	-	21,266
	<u>-</u>	<u>21,266</u>

14. Deferred taxation

	2004	2003
	£	£
At 1 January	17,533	14,586
Movement during the year	-	2,947
Transferred during the year	(17,533)	-
	<u>-</u>	<u>17,533</u>
At 31 December	-	17,533
	<u>-</u>	<u>17,533</u>
Deferred taxation provided in the accounts is as follows:		
Capital allowances in advance of depreciation	-	24,390
Other short term timing differences	-	(6,857)
	<u>-</u>	<u>17,533</u>

All timing differences are expected to reverse in the foreseeable future.

15. Share capital

	No.	2004 £	No.	2003 £
Authorised:				
Ordinary shares of £1 each	19,049,259	19,049,259	19,049,259	19,049,259
	<u>19,049,259</u>	<u>19,049,259</u>	<u>19,049,259</u>	<u>19,049,259</u>
Issued, called up and fully paid:				
Ordinary shares of £1 each	749,262	749,262	749,262	749,262
	<u>749,262</u>	<u>749,262</u>	<u>749,262</u>	<u>749,262</u>

Notes to the financial statements

at 31 December 2004

16. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholder's funds</i>
	£	£	£
At 1 January 2004	749,262	2,030,946	2,780,208
Profit for the year	-	574,536	574,536
Distribution	-	(2,605,482)	(2,605,482)
At 31 December 2004	749,262	-	749,262

17. Other financial commitments

At 31 December 2004 the company had annual commitments for motor vehicles under non-cancellable operating leases as set out below:

	2004	2003
	£	£
Operating lease commitments which expire:		
Within one year	-	-
In two to five years	-	9,316
	<u>-</u>	<u>9,316</u>

18. Contingent liabilities

The company has entered into cross guarantees in respect of the group banking facilities of TripleArc Plc.

19. Pension schemes

The company administers and contributes to a group personal pension (defined contribution) plan on behalf of all qualifying employees. The total contributions of the company during the year were £19,231 (2003 - £35,019). There were no contributions remaining unpaid at 31 December 2004.

20. Related party transactions

The company has taken advantage of the exemption in "FRS 8: Related Party Disclosures" (FRS 8) from disclosing transactions with other related parties which form part of the TripleArc Plc group of companies.

21. Ultimate and immediate parent undertaking

The company's immediate parent undertaking is Software Stationery Holdings Limited. The company's ultimate parent undertaking is TripleArc Plc. Copies of the group financial statements of TripleArc Plc being the smallest and largest group preparing group financial statements, which include Software Stationery Specialists Limited may be obtained from Access House, The Promenade, Clifton Down, Bristol, BS8 3AQ.

22. Approval of financial statements

The financial statements were approved by the board of directors on 9 January 2006.