

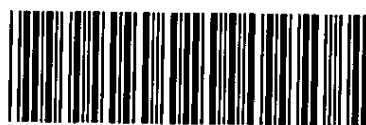
Explore IT Limited

Financial statements

For the period ended 30 September 2006

Grant Thornton 

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COMPANIES HOUSE

Company No. 4052597

Company information

Company registration number

4052597

Directors

G J Duncan
P J Ford
C Saunderson

Secretary

Peterkins Solicitors

Bankers

Royal Bank of Scotland
23 Sauchiehall Street
Glasgow
G2 3AH

Solicitors

Peterkins Solicitors
100 Union Street
ABERDEEN

Auditors

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
1-4 Atholl Crescent
EDINBURGH
EH3 8LQ

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Report of the directors

The directors present their report and the financial statements of the company for the period ended 30 September 2006

Principal activities and business review

The company is an IT support and services provider, largely to the small and medium sized business market. There was a loss for the period amounting to £22,115 (2005 profit £2,556)

On 4 September 2006 the entire issued share capital of the company was acquired by Glen Communications Limited. The accounting reference date was changed at that point from 31 December to 30 September to coincide with that of the parent company.

Results and dividends

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

The directors have not recommended a dividend.

Financial risk management objectives and policies

The company uses various financial instruments including loans, cash, share capital and such items as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The maturity of borrowings is set out in the notes to the financial statements. Short-term flexibility is achieved by overdraft facilities. The company policy is to ensure that the overdraft facilities are sufficient to meet the short term fluctuations in the cash flow.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings and share capital. The bank borrowings are variable rate and so will move in accordance with market interest rates.

Report of the directors

Credit risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Directors

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

A Wilkie	(resigned 4 September 2006)
P Luff	(resigned 4 September 2006)
G J Duncan	(from 4 September 2006)
P J Ford	(from 4 September 2006)
C Saunderson	(from 4 September 2006)

Throughout the period the GJ Duncan and PJ Ford were directors of the ultimate parent company Glen Group plc. Their interests in the share capital of the ultimate parent company are shown in that company's financial statements.

Auditors

Grant Thornton UK LLP offers themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



G J Duncan
Director
12 January 2007

Statement of 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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. 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 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 auditors are 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 auditors are aware of that information.

Report of the independent auditor to the members of Explore IT Limited

We have audited the financial statements of Explore IT Limited for the period ended 30 September 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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.

Report of the independent auditor to the members of Explore IT Limited

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 September 2006 and of its loss for the period 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

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

12 January 2007

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

The financial statements have been prepared on a going concern basis by the directors

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts

Fixed assets

Fixed assets are stated at cost net of depreciation and any provision for impairment

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 & Fittings	-	over 5 years
Equipment	-	over 3 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated using the FIFO method

Profit and loss account

	Note	9 months to 30 September 2006 £	Year to 31 December 2005 £
Turnover – continuing operations	1	369,976	617,617
Cost of sales		(322,980)	(541,731)
Gross profit		46,996	75,886
Other operating charges	2	(70,732)	(71,189)
Operating (loss)/ profit	3	(23,736)	4,697
Interest receivable		242	876
Interest payable and similar charges	6	(407)	(1,231)
Profit on ordinary activities before taxation		(23,901)	4,342
Tax on loss on ordinary activities	7	1,786	(1,786)
Profit for the financial year		(22,115)	2,556
Balance brought forward		41,392	38,836
Balance carried forward		<u>19,277</u>	<u>41,392</u>


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

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	30 September 2006 £	31 December 2005 £
Fixed assets			
Tangible assets	8	5,350	6,134
Current assets			
Stocks	9	-	13,012
Debtors	10	104,163	83,402
Cash at bank and in hand		74	21,928
		<u>104,237</u>	<u>118,342</u>
Creditors: amounts falling due within one year	11	<u>(90,177)</u>	<u>(82,951)</u>
Net current assets		<u>14,060</u>	<u>35,391</u>
Total assets less current liabilities		<u>19,410</u>	<u>41,525</u>
Creditors: amounts falling due after more than one year		<u>-</u>	<u>-</u>
		<u>19,410</u>	<u>41,525</u>
Capital and reserves			
Called-up equity share capital	14	233	233
Share redemption Reserve	15	(100)	(100)
Profit and loss account	16	19,277	41,392
Shareholders' funds	21	<u>19,410</u>	<u>41,525</u>

These financial statements were approved by the directors on 12 January 2007 and are signed on their behalf by



G J Duncan
Director



P J Ford
Director

The accompanying accounting policies and notes form part of these financial statements.

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	9 months to 30 September 2006 £	Year to 31 December 2005 £
United Kingdom	<u>369,976</u>	<u>617,617</u>

2 Other operating charges

	9 months to 30 September 2006 £	Year to 31 December 2005 £
Administrative expenses	<u>70,732</u>	<u>71,189</u>

3 Operating loss

Operating loss is stated after charging

	9 months to 30 September 2006 £	Year to 31 December 2005 £
Depreciation of owned fixed assets	2,944	4,893
Operating lease costs		
Land and buildings	<u>10,800</u>	<u>14,400</u>

4 Directors and employees

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

	9 months to 30 September 2006 No	Year to 31 December 2005 No
Number of management staff	2	3
Number of operational staff	<u>6</u>	<u>5</u>
	<u>8</u>	<u>8</u>

4 Directors and employees continued

The aggregate payroll costs of the above were

	9 months to 30 September 2006 £	Year to 31 December 2005 £
Wages and salaries	234,657	307,398
Social security costs	24,052	50,359
Other pension costs	8,972	23,317
	<u>267,681</u>	<u>381,074</u>

5 Directors

Remuneration in respect of directors was as follows

	9 months to 30 September 2006 £	Year to 31 December 2005 £
Emoluments receivable	<u>97,487</u>	<u>115,890</u>

6 Interest payable and similar charges

	9 months to 30 September 2006 £	Year to 31 December 2005 £
Interest payable on bank borrowing	(407)	(1,231)
Interest receivable on bank deposits	242	876
	<u>(165)</u>	<u>(355)</u>

7 Taxation on ordinary activities

There is a tax credit for the period ended 30 September 2006 of £7,497 (2005 - charge £1,786)

	30 September 2006 £	31 July 2005 £
Current tax		
UK corporation tax based on the results for the year at 19% (2005 19%)	<u>(1,786)</u>	<u>1,786</u>

7 Taxation on ordinary activities continued

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2005 - 19%)

	9 months to 30 September 2006 £	Year to 31 December 2005 £
(Loss)/ profit on ordinary activities before taxation	<u>(23,901)</u>	<u>4,342</u>
(Loss)/ profit on ordinary activities by rate of tax	(4,541)	825
Expenses not deductible for tax purposes	443	2,464
Capital allowances for period in excess of depreciation	85	54
Tax losses carried forward	2,347	-
Marginal relief	(357)	(1,543)
Group relief surrendered	237	-
Other short term timing differences	-	(14)
Total current tax	<u>(1,786)</u>	<u>1,786</u>

8 Tangible fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2006	2,100	17,112	19,212
Additions	-	2,160	2,160
Disposals	-	(2,181)	(2,181)
At 30 September 2006	<u>2,100</u>	<u>17,091</u>	<u>19,191</u>
Depreciation			
At 1 January 2006	241	12,837	13,078
Charge for the year	315	2,629	2,944
Disposals	-	(2,181)	(2,181)
At 30 September 2006	<u>556</u>	<u>13,285</u>	<u>13,841</u>
Net book value			
At 30 September 2006	<u>1,544</u>	<u>3,806</u>	<u>5,350</u>
At 1 January 2006	<u>1,859</u>	<u>4,275</u>	<u>6,134</u>

9 Stocks

	30 September 2006 £	31 December 2005 £
Goods for resale	-	13,012

10 Debtors

	30 September 2006 £	31 December 2005 £
Trade debtors	100,963	82,202
Sundry debtors	1,200	1,200
Amounts owed by group undertakings	2,000	-
	<u>104,163</u>	<u>83,402</u>

11 Creditors: amounts falling due within one year

	30 September 2006 £	31 December 2005 £
Bank loans and overdrafts	10,245	-
Trade creditors	28,596	40,035
Amounts owed to group undertakings	14,550	-
Taxation and social security	24,186	23,074
Directors loans	-	15,000
Other creditors	3,543	-
Accruals and deferred income	9,057	4,842
	<u>90,177</u>	<u>82,951</u>

Directors' loans at 31 December 2005 comprised £10,000 due to P Luff and £5,000 due to A Wilkie and bore interest at 6%. The Directors' loans were fully repaid by 23 June 2006

12 Capital commitments

There were no capital commitments at 30 September 2006 or 31 December 2005

13 Contingent liabilities

There were no contingent liabilities at 30 September 2006 or 31 December 2005

14 Share capital

Authorised share capital

	30 September 2006 £	31 December 2005 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	30 September 2006 £	31 December 2005 £
Ordinary shares of £1 each	<u>233</u>	<u>233</u>

15 Share redemption reserve

	30 September 2006 £	31 December 2005 £
Share redemption reserve	<u>(100)</u>	<u>(100)</u>

16 Profit and loss account

	30 September 2006 £	31 December 2005 £
Balance brought forward	41,292	38,736
Accumulated (loss)/ profit for the financial year	<u>(22,115)</u>	<u>2,556</u>
Balance carried forward	<u>19,277</u>	<u>41,292</u>

17 Ultimate parent company

The ultimate parent company is Glen Group plc, a company registered in England. Copies of the accounts of Glen Group plc can be obtained from its registered office at 8-10 New Fetter Lane, London, EC4A 1RS.