

Company Registration No. 4052597 (England and Wales)

**EXPLORE IT LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

THURSDAY



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# EXPLORE IT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G J Duncan P J Ford A Bonner (Appointed 7 June 2007)
<b>Secretary</b>	Peterkins Solicitors
<b>Company number</b>	4052597
<b>Registered office</b>	8-10 New Fetter Lane London EC4A 1RS
<b>Auditors</b>	Grant Thornton UK LLP Registered Auditor Chartered Accountants 1-4 Atholl Crescent Edinburgh EH3 8LQ
<b>Bankers</b>	The Royal Bank of Scotland plc 23 Sauchiehall Street Glasgow G2 3AH
<b>Solicitors</b>	Peterkins Solicitors 100 Union Street Aberdeen AB10 1QR

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# **EXPLORE IT LIMITED**

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# **EXPLORE IT LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 SEPTEMBER 2007***

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The directors present their report and financial statements for the year ended 30 September 2007

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of an IT support and services provider

The company's business review is included within the business review of the Group consolidated financial statements of Glen Group plc

The company is exposed to liquidity risk, interest rate risk and credit risk. The company's risk management is managed by the executive directors in close co-operation with the board of directors, and focuses on actively securing the Company's short to medium term cash flows. The Company's financial risk management and objectives are set out in note 21.

#### **Results and dividends**

The results for the year are set out on page 5.

The loss for the year after taxation amounted to £172,111 (2006: £22,115). The directors have not recommended a dividend.

#### **Directors**

The following directors have held office since 1 October 2006:

G J Duncan

P J Ford

C Saunderson

A Bonner

(Resigned 4 July 2007)

(Appointed 7 June 2007)

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton UK LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

# EXPLORE IT LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing 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. In preparing those financial statements, the directors are required to

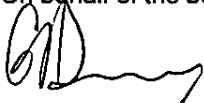
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



G J Duncan

**Director**

28 March 2008

# **EXPLORE IT LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF EXPLORE IT LIMITED**

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We have audited the financial statements of Explore IT Limited for the year ended 30 September 2007 set out on pages 5 to 14. 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 auditors' 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 the directors and auditors**

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.

# EXPLORE IT LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF EXPLORE IT LIMITED

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#### 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 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

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

28 March 2008

Chartered Accountants

**Registered Auditors**

Registered Auditor  
Chartered Accountants  
1-4 Atholl Crescent  
Edinburgh  
EH3 8LQ

# EXPLORE IT LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

		Year ended 30 September 2007 £	Period ended 30 September 2006 £
	Notes		
Turnover	2	423,503	369,976
Cost of sales		(388,742)	(322,980)
<b>Gross profit</b>		<b>34,761</b>	<b>46,996</b>
Administrative expenses		(194,928)	(70,732)
<b>Operating loss</b>	<b>3</b>	<b>(160,167)</b>	<b>(23,736)</b>
Other interest receivable and similar income	4	224	242
Exceptional cost	5	(12,184)	-
Interest payable and similar charges	6	(1,770)	(407)
<b>Loss on ordinary activities before taxation</b>		<b>(173,897)</b>	<b>(23,901)</b>
Tax on loss on ordinary activities	7	1,786	1,786
<b>Loss for the year</b>	<b>14</b>	<b>(172,111)</b>	<b>(22,115)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



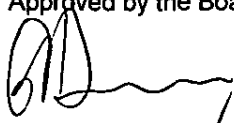
# EXPLORE IT LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	8		7,043		5,350
<b>Current assets</b>					
Stocks	9	344		-	
Debtors	10	128,876		104,163	
Cash at bank and in hand		129		74	
		<u>129,349</u>		<u>104,237</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(289,093)</u>		<u>(90,177)</u>	
<b>Net current (liabilities)/assets</b>			<u>(159,744)</u>		<u>14,060</u>
<b>Total assets less current liabilities</b>			<u>(152,701)</u>		<u>19,410</u>
<b>Capital and reserves</b>					
Called up share capital	13		233		233
Other reserves	14		(100)		(100)
Profit and loss account	14		<u>(152,834)</u>		<u>19,277</u>
<b>Shareholders' funds</b>	15		<u>(152,701)</u>		<u>19,410</u>

Approved by the Board and authorised for issue on 28 March 2008



G J Duncan  
Director

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The accounts have been prepared on the going concern basis, this is appropriate as the company has the financial support of its ultimate parent company Glen Group Plc

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and its parent company publishes a consolidated cash flow statement

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

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

Revenue from IT services are billed to clients in accordance with agreed terms, and recognised in line with performance of the contract

#### **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 less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	Straight line over 3 years
Fixtures, fittings & equipment	Straight line over 5 years

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value

#### **1.7 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

#### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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### 1 Accounting policies (continued)

#### 1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of Glen Communications Limited which is in turn a wholly owned subsidiary undertaking of Glen Group plc, a company incorporated in England, and is included in the consolidated accounts of that company.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2007 £	2006 £
Operating loss is stated after charging		
Depreciation of tangible assets	6,202	2,944
Operating lease rentals		
- Plant and machinery	14,046	-
- Other assets	5,669	10,800
Auditors' remuneration (including expenses and benefits in kind)	5,783	-
	<u>          </u>	<u>          </u>

4 Investment income	2007 £	2006 £
Bank interest	153	242
Other interest	71	-
	<u>      </u>	<u>      </u>
	224	242
	<u>      </u>	<u>      </u>

5 Exceptional cost	2007 £	2006 £
Exceptional cost of fundamental reorganisation	12,184	-
	<u>          </u>	<u>          </u>

6 Interest payable	2007 £	2006 £
On bank loans and overdrafts	1,770	407
	<u>          </u>	<u>          </u>

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

7	Taxation	2007 £	2006 £
	<b>Domestic current year tax</b>		
	U K corporation tax	-	(1,786)
	Adjustment for prior years	(1,786)	-
	<b>Current tax charge</b>	<u>(1,786)</u>	<u>(1,786)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	<u>(173,897)</u>	<u>(23,901)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 19.00%)	<u>(52,169)</u>	<u>(4,541)</u>
	Effects of		
	Non deductible expenses	134	443
	Capital allowances	283	85
	Tax losses utilised	51,752	2,347
	Adjustments to previous periods	(1,786)	-
	Other tax adjustments	-	(120)
		<u>50,383</u>	<u>2,755</u>
	<b>Current tax charge</b>	<u>(1,786)</u>	<u>(1,786)</u>

On the basis of these financial statements no provision has been made for corporation tax

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

### 8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 October 2006	17,091	2,100	19,191
Additions	7,280	615	7,895
At 30 September 2007	24,371	2,715	27,086
<b>Depreciation</b>			
At 1 October 2006	13,285	556	13,841
Charge for the year	5,696	506	6,202
At 30 September 2007	18,981	1,062	20,043
<b>Net book value</b>			
At 30 September 2007	5,390	1,653	7,043
At 30 September 2006	3,806	1,544	5,350

### 9 Stocks

	2007 £	2006 £
Finished goods and goods for resale	344	-

### 10 Debtors

	2007 £	2006 £
Trade debtors	43,199	100,963
Amounts owed by parent and fellow subsidiary undertakings	23,518	2,000
Corporation tax	1,856	-
Other debtors	-	1,200
Prepayments and accrued income	60,303	-
	128,876	104,163

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

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11 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	32,104	10,245
Trade creditors	47,204	28,596
Amounts owed to subsidiary undertakings	170,920	14,550
Taxes and social security costs	6,671	24,186
Other creditors	7	3,543
Accruals and deferred income	32,187	9,057
	<u>289,093</u>	<u>90,177</u>

## 12 Pension costs

### Defined contribution

	2007 £	2006 £
Contributions payable by the company for the year	<u>5,204</u>	<u>8,972</u>

## 13 Share capital

	2007 £	2006 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
233 Ordinary shares of £1 each	<u>233</u>	<u>233</u>

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 14 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 October 2006	(100)	19,277
Loss for the period	-	(172,111)
Balance at 30 September 2007	(100)	(152,834)
<b>Other reserves</b>		
<b>Share redemption reserve</b>		
Balance at 1 October 2006 & at 30 September 2007	(100)	

#### 15 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(172,111)	(22,115)
Opening shareholders' funds	19,410	41,525
Closing shareholders' funds	(152,701)	19,410

#### 16 Financial commitments

At 30 September 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2008

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Operating leases which expire				
Within one year	-	10,800	25,344	-

#### 17 Directors' emoluments

	2007 £	2006 £
Emoluments for qualifying services	-	97,487

# EXPLORE IT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### 18 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Management staff	2	2
Operational staff	3	6
	<u>5</u>	<u>8</u>

##### Employment costs

	2007 £	2006 £
Wages and salaries	142,015	332,144
Social security costs	16,494	24,052
Other pension costs	5,204	8,972
	<u>163,713</u>	<u>365,168</u>

#### 19 Control

The ultimate parent company is Glen Group plc, a company registered in England. Glen Group plc prepares group financial statements and copies can be obtained from its registered office at 8-10 New Fetter Lane, London, EC4A 1RS.

#### 20 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 with regards to the non-disclosure of transactions between group companies which are eliminated in the ultimate parent company's consolidated financial statements.



# **EXPLORE IT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2007***

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### **21 Risk management**

The company finances its activities through equity and bank borrowings. No speculative treasury transactions are undertaken and during the last two years no derivative contracts were entered into. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash, investments and borrowings.

#### **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 company policy throughout the year has been to ensure continuity of funding by a combination of equity funding and available bank facilities.

#### **Interest rate risk**

The interest rate on the company's cash at bank is determined by reference to the bank rate.

#### **Credit risk**

The company's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. The principal credit risk arises from trade receivables. Aged receivables reports are reviewed regularly and significant outstanding items are brought to the attention of senior management. The credit control function follows a policy of sending statements on a monthly basis.