

COMPANY REGISTRATION NUMBER 4480097

GEN-X IT LIMITED
Financial Statements
31 December 2012



WRIGLEY PARTINGTON
Chartered Accountants & Statutory Auditor
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

GEN-X IT LIMITED

Financial Statements

YEAR ENDED 31 DECEMBER 2012

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GEN-X IT LIMITED

Officers and Professional Advisers

The board of directors

Mr A Gould
Miss K Stewart

Company secretary

Mr A Gould

Registered office

Sol House
24 Dark Lane
Ardwick Green
Manchester
United Kingdom
M12 6FA

Auditor

Wrigley Partington
Chartered Accountants
& Statutory Auditor
Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

Bankers

The Royal Bank of Scotland
1st Floor, Waterside House
Waterside Drive
Wigan
WN3 5AZ

Solicitors

Turner Parkinson
Hollins Chamber
64A Bridge Street
Manchester
M3 3BA

GEN-X IT LIMITED

The Directors' Report

YEAR ENDED 31 DECEMBER 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the sale of computer hardware

2012 was the tenth anniversary of the founding of Gen-x it Ltd and we are very happy to announce that this special year was also our most successful to date. As always the directors are extremely appreciative of the fantastic team effort which has led to these impressive results with every member of the Gen-x team playing an important part in making this year so successful. We are also delighted to enjoy the continued support of our customers and suppliers.

As mentioned above, 2012 has been our most successful year to date with revenue up by 46% to £13m, gross profit up by 56% to £2.6m and net profit before tax up by an impressive 685% to £884K. There was a modest increase in the gross profit percentage from 18.6% to 19.8% and a more significant increase in pre-tax profit percentage from 1.3% in 2011 to 6.8% in 2012. The balance sheet enjoyed a marked improvement with shareholders' funds rising by 208% to £895K.

Our success in 2012 is no doubt attributable to a marked improvement in the market but this tells only part of the story as the foundations for this success were laid in 2010 and 2011. These foundations consisted of aggressive control of costs, improved debtor days leading to improved cash flow availability, more intelligent and proactive foreign exchange management, strict inventory management, improved supplier terms and keener pricing all coupled with a more focused sales and marketing effort.

It is clear to the directors that decisions and actions carried out in 2010 and 2011 paved the way for the Company to more fully reap the rewards of an improving market during 2012. In addition we are happy to report that the success of 2012 has continued into 2013 with this year certain to exceed the results of 2012.

Gen-x it Ltd ended its first decade in business on a real high note and the new decade is already off to a fantastic start. We are not resting on our laurels and are investing in new product areas and new sales territories. Once again we are very proud of the team and our achievements which have made 2012 so successful and we look forward to even more impressive results for 2013.

DIRECTORS

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

Mr A Gould
Miss K Stewart

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 year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

GEN-X IT LIMITED

The Directors' Report *(continued)*

YEAR ENDED 31 DECEMBER 2012

- make judgements and accounting 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

AUDITOR

Wrigley Partington are deemed to be re-appointed under section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
Sol House
24 Dark Lane
Ardwick Green
Manchester
United Kingdom
M12 6FA

Signed by order of the directors



MR A GOULD
Company Secretary

Approved by the directors on 3 September 2013

GEN-X IT LIMITED

Independent Auditor's Report to the Shareholders of Gen-X IT Limited

YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Gen-X IT Limited for the year ended 31 December 2012. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

GEN-X IT LIMITED

Independent Auditor's Report to the Shareholders of Gen-X IT Limited *(continued)*

YEAR ENDED 31 DECEMBER 2012

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 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS 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

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



DOMINIC HUXLEY (Senior Statutory Auditor)
For and on behalf of
WRIGLEY PARTINGTON
Chartered Accountants
& Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

3 September 2013

GEN-X IT LIMITED**Profit and Loss Account****YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	2	13,084,737	8,920,874
Cost of sales		<u>10,497,426</u>	<u>7,261,987</u>
GROSS PROFIT		2,587,311	1,658,887
Administrative expenses		<u>1,630,041</u>	<u>1,484,208</u>
OPERATING PROFIT	3	957,270	174,679
Interest receivable		8,250	19,551
Interest payable and similar charges		(81,498)	(81,684)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		884,022	112,546
Tax on profit on ordinary activities	5	<u>207,437</u>	<u>26,463</u>
PROFIT FOR THE FINANCIAL YEAR		<u>676,585</u>	<u>86,083</u>

The notes on pages 8 to 12 form part of these financial statements

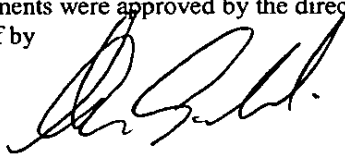
GEN-X IT LIMITED**Balance Sheet****31 DECEMBER 2012**

	Note	2012 £	£	2011 £	£
FIXED ASSETS					
Tangible assets	7		8,170		8,563
CURRENT ASSETS					
Stocks		771,807		564,584	
Debtors	8	2,711,468		2,300,754	
Cash at bank and in hand		580,690		203,475	
		<u>4,063,965</u>		<u>3,068,813</u>	
CREDITORS: Amounts falling due within one year	9	<u>2,474,820</u>		<u>2,048,424</u>	
NET CURRENT ASSETS			<u>1,589,145</u>		<u>1,020,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,597,315</u>		<u>1,028,952</u>
CREDITORS: Amounts falling due after more than one year	10		<u>701,779</u>		<u>738,000</u>
			<u>895,536</u>		<u>290,952</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		2,222		2,000
Share premium account	15		7,777		-
Profit and loss account	16		<u>885,537</u>		<u>288,952</u>
SHAREHOLDERS' FUNDS			<u>895,536</u>		<u>290,952</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 3 September 2013, and are signed on their behalf by

MR A GOULD
Director



Company Registration Number 4480097

GEN-X IT LIMITED

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

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

Leasehold Property	-	Over the term of the lease
Equipment	-	25% straight line

Stocks

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

Operating lease agreements

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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

2. TURNOVER

Overseas turnover amounted to 22.14% (2011 - 23.33%) of the total turnover for the year

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2012****3 OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of owned fixed assets	3,144	3,144
Auditor's fees	5,700	5,300
Net (profit)/loss on foreign currency translation	<u>(112,609)</u>	<u>71,307</u>

4 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	<u>289,277</u>	<u>209,883</u>

5 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2012	2011
	£	£
Current tax		
UK Corporation tax based on the results for the year at 23 70% (2011 - 20 25%)	<u>207,437</u>	<u>26,463</u>
Total current tax	<u>207,437</u>	<u>26,463</u>

6. DIVIDENDS

Equity dividends

	2012	2011
	£	£
Paid		
Equity dividends on ordinary shares	<u>80,000</u>	<u>—</u>
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	<u>444,400</u>	<u>—</u>

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2012****7. TANGIBLE FIXED ASSETS**

	Leasehold Property £	Equipment £	Total £
COST			
At 1 January 2012	50,870	65,669	116,539
Additions	—	2,751	2,751
At 31 December 2012	<u>50,870</u>	<u>68,420</u>	<u>119,290</u>
DEPRECIATION			
At 1 January 2012	50,870	57,106	107,976
Charge for the year	—	3,144	3,144
At 31 December 2012	<u>50,870</u>	<u>60,250</u>	<u>111,120</u>
NET BOOK VALUE			
At 31 December 2012	—	8,170	8,170
At 31 December 2011	—	8,563	8,563

8. DEBTORS

	2012 £	2011 £
Trade debtors	2,257,978	1,766,958
Other debtors	261,195	315,322
Directors current accounts	157,561	169,178
Prepayments and accrued income	34,734	49,296
	<u>2,711,468</u>	<u>2,300,754</u>

The debtors above include the following amounts falling due after more than one year

	2012 £	2011 £
Other debtors	—	58,994

9 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	939,379	707,550
Other creditors including taxation and social security		
Invoice discounting	1,165,413	1,176,839
Corporation tax	207,437	26,463
PAYE and social security	50,232	31,250
Other creditors	10,011	11,880
Accruals and deferred income	102,348	94,442
	<u>1,535,441</u>	<u>1,340,874</u>
	<u>2,474,820</u>	<u>2,048,424</u>

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2012****9. CREDITORS: Amounts falling due within one year (continued)**

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2012 £	2011 £
Invoice discounting	<u>1,165,413</u>	<u>1,176,839</u>

10. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Other creditors including Related party loan	<u>701,779</u>	<u>738,000</u>

11 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2012 £	2011 £
Operating leases which expire		
Within 1 year	25,572	-
Within 2 to 5 years	<u>56,968</u>	<u>80,210</u>
	<u>82,540</u>	<u>80,210</u>

12. TRANSACTIONS WITH THE DIRECTORS

Included in debtors is £157,561 due from two directors Further details are

	2012 £	2011 £
Mr A Gould	59,708	71,200
Miss K Stewart	<u>97,853</u>	<u>97,978</u>
	<u>157,561</u>	<u>169,178</u>

	Maximum balance £
Mr A Gould	79,708
Miss K Stewart	114,685

The movements on the Mr A Gould's and Miss K Stewart's loans are as a result of sundry advances totalling £8,732 on Miss K Stewart's loan and interest paid at 12% per annum of £8,508 and £11,143 respectively Also during the year both directors made repayments of £20,000

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2012****13 RELATED PARTY TRANSACTIONS**

In the directors opinion the company is not under the control of any one person

As at the balance sheet date there is a US Dollar loan outstanding to Mr J Calderwood, a fifty percent shareholder of the company, of £701,779 (2011-£738,000) for which interest is charged at 12% per annum. The interest charged for the period amounted to £81,492 (2011-£81,864). There is no formal repayment date for the loan, however the loan is not repayable within one year of the year end. The movement on the loan during the year is due to changes in the exchange rate between Sterling and US Dollars.

14. SHARE CAPITAL**Authorised share capital:**

	2012	2011
	£	£
2,000 A Ordinary shares of £1 each	2,000	2,000
222 B Ordinary shares of £1 each	222	-
	<u>2,222</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
2,000 A Ordinary shares of £1 each	2,000	2,000	2,000	2,000
222 B Ordinary shares of £1 each	222	222	-	-
	<u>2,222</u>	<u>2,222</u>	<u>2,000</u>	<u>2,000</u>

15. SHARE PREMIUM ACCOUNT

	2012	2011
	£	£
Premium on shares issued in the year	7,777	-
Balance carried forward	<u>7,777</u>	<u>-</u>

16. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	288,952	202,869
Profit for the financial year	676,585	86,083
Equity dividends	(80,000)	-
Balance carried forward	<u>885,537</u>	<u>288,952</u>