

Company Registration Number 2667809

WIGGLE LIMITED

Report and Financial Statements

31 January 2011

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WIGGLE LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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WIGGLE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Cobbold
P Bolwell
A Panteli

REGISTERED OFFICE

3 Optima
Northarbour Spur
Portsmouth
PO6 3TU

BANKERS

HSBC Bank plc

SOLICITORS

HBJ Gateley Wareing
Birmingham

AUDITORS

KPMG LLP
Southampton

WIGGLE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is the retail of cycle and other sporting goods

RESULTS AND DIVIDENDS

The results for the year are shown on page 6. A dividend of £4,300,000 was paid for the year ended 31 January 2011 (2010: £5,900,000)

BUSINESS REVIEW

The results for the year were good, exceeding expectations with year on year turnover growth of 56% from £55.6m to £86.8m. This growth has been achieved as a result of the company maintaining its position as the leading internet retailer of cycle products and accessories in the UK and expansion into overseas territories.

The company has also increased its gross margin in the year from £15.5m to £23.0m. Operating profit has also increased by 43% from £7.1m to £10.2m. This represents an operating profit margin decline of 1% from 12.8% to 11.8%.

As a result of the increasing market accessibility and improving cost benefit the internet brings combined with our comprehensive product offering, our excellent customer service and our continued focus on remaining price competitive we expect sales, margin and profit to continue to grow.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including foreign exchange risk, credit risk, cashflow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

Interest bearing assets and liabilities are either held at a fixed rate or hedged to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company does not extend credit to retail customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

WIGGLE LIMITED

DIRECTORS' REPORT (continued)

CHARITABLE AND POLITICAL CONTRIBUTIONS

The company made charitable contributions of £1,200 during the year (2010 £1,225) The company made no political contributions during the current or preceding year

DIRECTORS

The directors who held office during the year were as follows

H Cobbold
P Bolwell
A Panteli

In addition H Jones served as a director until 23 March 2010

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2 The financial position of the company, its cash flows, liquidity position and borrowing facilities are described on page 2

The company has considerable financial resources together with a number of customers and suppliers across different geographic areas As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

A resolution to reappoint KPMG LLP as auditors will be proposed at the Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A Panteli
Director

13 July 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 its profit or loss for that period. In preparing the company 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIGGLE LIMITED

We have audited the financial statements of Wiggle Limited for the year ended 31 January 2011 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 January 2011 and of the profit for the year then ended,
- have been properly prepared in accordance with UK 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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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.



W Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Dukes Keep
Marsh Lane
Southampton
SO14 3EX
United Kingdom

13 July 2011

WIGGLE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 January 2011

	Note	2011 £'000	2010 £'000
TURNOVER	1	86 787	55,597
Cost of sales		(63,771)	(40,118)
GROSS PROFIT		23,016	15 479
Administrative expenses		(12 793)	(8 340)
OPERATING PROFIT	3	10,223	7,139
Profit on disposal of fixed assets		3	-
Interest receivable and similar income	4	7	12
Interest payable	5	(20)	(15)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	.	10,213	7 136
Tax on profit on ordinary activities	6	(3,578)	(2,686)
RETAINED PROFIT FOR THE YEAR		6 635	4,450

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

There is no difference between the results presented above and the historical cost equivalent. Accordingly, no statement of historic cost profit and losses has been presented.

Results in both years are derived wholly from continuing operations.

A statement of movements in reserves is set out in note 14.

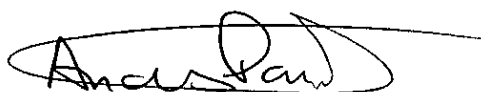
WIGGLE LIMITED

BALANCE SHEET At 31 January 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	7	53	60
Tangible assets	8	1,124	535
		<u>1,177</u>	<u>595</u>
CURRENT ASSETS			
Stocks	9	15,704	7,181
Debtors	10	2,928	3,059
Cash at bank and in hand		2,959	773
		<u>21,591</u>	<u>11,013</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(14,242)</u>	<u>(5,771)</u>
NET CURRENT ASSETS		<u>7,349</u>	<u>5,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,526</u>	<u>5,837</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(94)</u>	<u>(94)</u>
NET ASSETS		<u><u>8,432</u></u>	<u><u>5,743</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Capital contribution	14	1,593	1,239
Profit and loss account	14	6,838	4,503
TOTAL SHAREHOLDERS' FUNDS	14	<u><u>8,432</u></u>	<u><u>5,743</u></u>

These financial statements were approved by the Board of Directors on 13 July 2011

Signed on behalf of the Board of Directors



A Panteli
Director

Company Registration Number 2667809

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2011

1 ACCOUNTING POLICIES

The significant accounting policies, which have been consistently applied throughout the current and preceding financial year, used in the preparation of these financial statements are

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Going Concern

The company has considerable financial resources together with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Turnover

Turnover is derived from the sale of goods in the year excluding VAT and is recognised on the delivery of goods. Turnover is derived from the company's principal activity which is wholly undertaken in the United Kingdom

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful life of up to 20 years

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Lease costs	over term of lease
Plant and machinery	20% of written down value
Fixtures, fittings and equipment	25% of written down value
Motor vehicles	25% of written down value
Website & computer equipment	20% - 33% of cost

Stocks

Stocks are valued at the lower of cost and net realisable value

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2011

1 ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets held under finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease term and their useful lives. The capital elements or future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transaction. All exchange differences are taken to the Profit and Loss account.

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, as defined in FRS25 Financial Instruments: Disclosure and Presentation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, Ensco 503 Limited. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

2	INFORMATION REGARDING DIRECTORS AND EMPLOYEES	2011 £'000	2010 £'000
	Directors' emoluments	806	721
	Share based payments	354	354
		<u>1,160</u>	<u>1,075</u>

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2011

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2011 £'000	2010 £'000
Highest paid director	343	192

The company made no contributions in the current or preceding year to pension schemes. No directors in either year were accruing pension benefits under any scheme.

Employee costs (including directors) during the year	£'000	£'000
Wages and salaries	5,013	3,010
Social security costs	401	278
Share based payments	354	354
	5,768	3,642

Average monthly number of persons employed	No.	No.
Warehouse	79	54
Administration	52	38
	131	92

3 OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit is after charging		
Depreciation of tangible fixed assets	304	259
Amortisation of intangible fixed assets	7	5
Rentals under operating leases - land and buildings	226	226
Auditors' remuneration		
- audit of these financial statements	17	15
- other services relating to taxation	24	32

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Bank interest receivable	7	12

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Interest on late payment of tax	20	15

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2011

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The standard rate of current tax for the year differs from the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	2,978	1,870
Group relief	600	600
Total current tax	3,578	2,470
Deferred tax		
– accelerated capital allowances	-	(19)
– short term timing differences	-	(13)
– share based payments	-	248
Tax on profit on ordinary activities	3,578	2 686

Factors affecting the charge

The current tax for the period is higher (2010 higher) than the UK standard rate of corporation tax of 28% (2010 28%) The differences are explained in the following reconciliation

	£'000	£'000
Current tax reconciliation		
Profit on ordinary activities before tax	10,213	7,136
Tax on profit on ordinary activities at 28% (2010 28%)	2 860	1 998
Effects of		
Expenses not deductible for tax purposes	304	107
Accelerated capital allowances	19	26
Tax relief on share based payments	-	(71)
Other timing differences	-	13
Group relief paid	600	600
Effect of group relief on tax charge	(205)	(203)
Total current tax charge	3,578	2 470

Included within the tax charge for the year is a payment of £600 000 to other group companies to acquire tax losses valued at £732 000 The actual losses acquired have been utilised at 28% against the current tax charge for the year

Factors that may affect future tax charges

The amortisation of goodwill will create a higher tax charge than the standard rate of corporation tax, as it is not deductible for tax purposes

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2011

7. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Total £'000
Cost		
At beginning of year	108	108
Additions	-	-
At end of year	108	108
Amortisation		
At beginning of year	48	48
Charge for the year	7	7
At end of year	55	55
Net book value At 31 January 2011	53	53
At 31 January 2010	60	60

8. TANGIBLE FIXED ASSETS

	Lease costs £'000	Plant and machinery £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Website and computer equipment £'000	Total £'000
Cost						
At beginning of year	31	72	545	142	328	1,118
Additions	11	78	119	92	611	911
Disposals	-	(13)	-	(50)	-	(63)
At end of year	42	137	664	184	939	1,966
Accumulated depreciation						
At beginning of year	21	28	280	65	189	583
Charge for the year	7	22	81	29	165	304
Disposals	-	(11)	-	(34)	-	(45)
At end of year	28	39	361	60	354	842
Net book value At 31 January 2011	14	98	303	124	585	1,124
At 31 January 2010	10	44	265	77	139	535

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2011

9. STOCKS	2011 £'000	2010 £'000
Finished goods and goods for resale	<u>15,704</u>	<u>7,181</u>
10 DEBTORS	2011 £'000	2010 £'000
Amount due from parent company	1,680	2,789
Other debtors and prepayments	<u>1,248</u>	<u>270</u>
	<u>2,928</u>	<u>3 059</u>
11 CREDITORS, AMOUNTS FALLING DUE WITHIN ONE YEAR	2011 £'000	2010 £'000
Bank overdraft and short term loans	3,691	-
Trade creditors	5,383	2 758
Corporation tax	1,640	862
Other taxes and social security	587	443
Other creditors and accruals	<u>2,941</u>	<u>1 708</u>
	<u>14 242</u>	<u>5,771</u>

The Bank overdraft and short term loans are secured by a fixed and floating charge over the assets of the company and are repayable on demand

12 PROVISIONS FOR LIABILITIES AND CHARGES

	2011 £'000	2010 £'000
Deferred tax	24	24
Dilapidations	<u>70</u>	<u>70</u>
	<u>94</u>	<u>94</u>

Deferred tax	Accelerated capital allowances £'000	Other short term timing differences £'000	Total £'000
Liability at beginning of year	58	(34)	24
Movement in the year	<u>-</u>	<u>-</u>	<u>-</u>
Liability at end of year	<u>58</u>	<u>(34)</u>	<u>24</u>

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 January 2011

13. CALLED UP SHARE CAPITAL	2011 £	2010 £
Allotted, called up and fully paid		
400 Ordinary shares of £1 each	400	400
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
100 C Ordinary shares of £1 each	100	100
100 D Ordinary shares of £1 each	100	100
	<u>800</u>	<u>800</u>

All shares rank pari passu with regard to voting and distribution rights

14. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital contribution £'000	Capital £'000	Profit and loss account £'000	Total £'000
At 1 February 2010	1	1 239	4,503	5 743
Profit for the year	-	-	6,635	6 635
Dividends paid	-	-	(4,300)	(4 300)
Share based payments	-	354	-	354
At 31 January 2011	<u>1</u>	<u>1 593</u>	<u>6,838</u>	<u>8,432</u>

Share based payments

On 26 November 2009 and 25 November 2010 Ensco 503 Limited issued shares to certain Directors which will only receive value if the enterprise value of the company exceeds certain limits from £30m to £77.5m. Based on the estimated enterprise values at the dates of grant of the shares, the Directors consider that the share based payment charge in relation to these shares for the year ended 31 January 2011 of £28 000 is not material. Accordingly no share based payment charge has been made.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2011

15 RELATED PARTY DISCLOSURES

The company rents its premises from Bespoke Design, a partnership in which M Dall and H S Jones have a beneficial interest. Rent of £225,667 (2010: £225,667) was paid in the year. There was no outstanding liability at the end of the year (2010: £nil).

As the company is a wholly owned subsidiary of Ensco 503 Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

16. COMMITMENTS

Operating Leases

At 31 January 2011, the company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2011 £'000	2010 £'000
Expiry date		
- between one and two years	226	226
- between two and five years	78	-
	<u>304</u>	<u>226</u>

Cross Company Guarantees

The cross company guarantees are in relation to shareholder and bank loans and are treated as insurance contracts.

Financial Commitments

At 31 January 2011, the company had a liability in respect of documentary letters of credit of US\$257,859 (2010: US\$1,186,461).

There are no unrealised gains or losses at 31 January 2011.

WIGGLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 January 2011**

17 ULTIMATE AND IMMEDIATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a subsidiary undertaking of Ensco 503 Limited a company incorporated in the UK and registered in England and Wales

At 31 January 2011 the largest and smallest group in which the results of the company are consolidated is that headed by Ensco 503 Limited, the parent company. The consolidated financial statements of this company are available to the public from Companies House Cardiff, CF14 3UZ

At the Balance Sheet date the group was controlled by funds managed by ISIS EP LLP