

**WITT (UK) LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**Registered Number 04408889**

**3 MARCH 2012**

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**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

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**Directors' report**

The directors present their directors' report and the audited financial statements for the 53 week period ended 3 March 2012

Witt (UK) Limited is registered with company number 04408889

**Principal activities**

The company operates a catalogue home shopping business targeted mainly at the 60+ market within the UK

**Business review**

The loss for the financial period, after taxation, was £1,648,696 (2011 loss of £1,323,255)

The company continues to operate in the mail order home shopping market. It sells selected ranges taken from the Witt Weiden catalogue to customers in the UK under the brand of Witt International.

In the future it is intended that the ranges of goods offered to customers will be increased by offering ranges from other UK brands. A new website is also under construction which will improve the customer shopping experience, a vital improvement as the online customer share grows.

**Going Concern**

The directors are confident in the delivery of further business improvement by continuing their strategy to invest in the long term future of the business by offering a wider product range, and improvements in the customer shopping experience, whilst maintaining tight cost control.

The company has made an operating loss of £1.6m in the period and had net liabilities of £865,944 at the period end. Notwithstanding this, the directors have prepared the accounts on a going concern basis. The parent company Grattan PLC has provided assurance that they will continue to provide support as necessary for a period of at least 12 months following the date of signing of the accounts. On the basis of their assessment of the company's and of the parent company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

**Proposed dividend**

The directors do not recommend the payment of a dividend (2011: *£nil*)

**Directors**

The directors who held office during the period were as follows:

N Moore  
W Jess  
S Merck

Mr W Jess and Mr S Merck resigned as directors on 25 April 2012. Mr A Lord was appointed as a director on 25 April 2012 (after 3 March but prior to the date of this report).

During the period, liability insurance was maintained for the company's directors.

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**Directors' report (continued)**

**Interests of directors and secretary**

The directors who held office at the period end had no interests in the shares of the company

**Employees**

The company continues to inform staff on all aspects of the business through briefings and an intranet site. Consultation with staff takes place via recognised trade unions, through staff meetings and through special representative committees such as those for health and safety, pensions and catering

The company endeavours to employ suitable persons and does not discriminate on disability. Where employees become disabled, the company endeavours to find appropriate work, providing whatever training may be necessary. Disabled employees are encouraged to develop their careers in accordance with their abilities.

**Political and charitable contributions**

The company made no political or charitable donations, or incurred any political expenditure during the period (2011: £nil)

**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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**N Moore**  
Director

Ingleby Road  
Bradford  
BD99 2XG

1 June 2012

**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**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 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 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, and
- 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 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.

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KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Independent auditor's report to the members of Witt (UK) Limited**

We have audited the financial statements of Witt (UK) Limited for the period ended 3 March 2012 set out on pages 6 to 13. 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 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**

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

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](http://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 3 March 2012 and of its loss for the period 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 period 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:

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**Independent auditors' report to the members of Witt (UK) Limited (continued)**

- 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



**Jonathan Pass (Senior Statutory Auditor)**  
**For and on behalf of**  
**KPMG LLP**  
**Statutory Auditor**

**Chartered Accountants**  
**1 The Embankment**  
**Leeds**  
**West Yorkshire**  
**LS1 4DW**

6 June 2012

**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Profit and loss account**  
for the period ended 3 March 2012

		53 week period ended 3 March 2012	52 week period ended 26 February 2011
	Note	£	£
<b>Turnover</b>	1	12,531,439	12,758,561
Cost of sales		(11,899,410)	(11,332,653)
<b>Gross profit</b>		632,029	1,425,908
Distribution costs		(1,494,973)	(1,570,429)
Administrative expenses		(1,564,677)	(1,871,561)
Other operating income	1	778,925	692,827
<b>Operating loss</b>		(1,648,696)	(1,323,255)
<b>Loss on ordinary activities before taxation</b>		(1,648,696)	(1,323,255)
Taxation on loss on ordinary activities	5	-	-
<b>Loss for the financial period</b>	11	(1,648,696)	(1,323,255)

All amounts relate to continuing activities

The company has no recognised gains and losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the loss for the period on an unmodified historical cost basis and the loss disclosed above

The notes on pages 9 to 13 form part of the financial statements

**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Balance sheet**  
at 3 March 2012

		2012	2011
	Note	£	£
<b>Current assets</b>			
Stock	6	370,000	-
Debtors	7	4,959,633	4,908,645
<b>Creditors: amounts falling due within one year</b>	8	(6,195,627)	(4,125,943)
<b>Net current (liabilities)/assets and Net (liabilities)/assets</b>		(865,994)	782,702
<b>Capital and reserves</b>			
Called up share capital	10	16,485,513	16,485,513
Profit and loss account	11	(17,351,507)	(15,702,811)
<b>Shareholders' (deficit)/funds</b>		(865,994)	782,702

The notes on pages 9 to 13 form part of these financial statements

These financial statements were approved by the board of directors on 1 June 2012, and were signed on its behalf by



**N Moore**  
Director



**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Reconciliation of Movements in Shareholders' Funds**  
**For the period ended 3 March 2012**

	53 week period ended 3 March 2012	52 week period ended 26 February 2011
	£	£
<b>Loss for the financial period</b>	(1,648,696)	(1,323,255)
Retained loss	(1,648,696)	(1,323,255)
New share capital subscribed (net of issue costs)	-	1,514,387
<b>Net (reduction in) / addition to shareholders' funds</b>	(1,648,696)	191,132
Opening shareholders' funds	782,702	591,570
<b>Shareholders' (deficit) / funds</b>	(865,994)	782,702

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**Notes to the financial statements**

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

**Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards. The accounting period is for the 53 week period ended 3 March 2012. The comparative period being the 52 weeks ended 26 February 2011.

The company has made an operating loss of £1.6m in the period and had net liabilities of £865,944 at the period end. Notwithstanding this, the directors have prepared the accounts on a going concern basis. The parent company Grattan PLC has provided assurance that they will continue to provide support as necessary for a period of at least 12 months following the date of signing of the accounts. On the basis of their assessment of the company's and of the parent company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that OTTO Aktiengesellschaft für Beteiligungen (the ultimate holding company) includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by OTTO Aktiengesellschaft für Beteiligungen, 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. The consolidated financial statements of OTTO Aktiengesellschaft für Beteiligungen, within which this company is included, can be obtained from the address given in note 12.

**Turnover**

Turnover represents the value of goods sold net of VAT and customer account related deductions. Turnover is recognised on a net despatch basis and provision made for expected returns.

**Other operating income**

Other operating income includes interest income earned on interest bearing instalment sales. Interest income is recognised in the profit and loss account over the period in which it is earned.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Notes to the financial statements (continued)**

**1. Accounting policies (continued)**

**Stock**

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

**2 Notes to the profit and loss account**

	<b>53 weeks ended 3 March 2012 £</b>	<b>52 weeks ended 26 February 2011 £</b>
Loss on ordinary activities before taxation is stated after charging/(crediting)		
<i>Auditors' remuneration</i>		
Audit of these financial statements	8,000	8,000
Exchange (gains)/losses	(110,407)	168,803
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The audit fees were borne by another group company

**3 Remuneration of Directors**

The directors receive no payments in respect of services provided as directors of the company,  
(2011 £nil)

**4 Staff numbers and costs**

All employees were employees of the parent companies and details of their remuneration and pension arrangements are disclosed in the report of those companies. A recharge of employee costs is made by each parent.

**5. Taxation**

Analysis of charge/ (credit) in period

	<b>53 weeks ended 3 March 2012 £</b>	<b>52 weeks ended 26 February 2011 £</b>
<i>UK corporation tax</i>		
Current tax on loss for the period	-	-
Adjustment in respect of previous years	-	-
	<hr/>	<hr/>
Total current tax and tax on loss on ordinary activities	-	-
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**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Notes to the financial statements (continued)**

**5. Taxation (continued)**

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2011 *higher*) than the standard rate of corporation tax in the UK (26%, 2011 28%). The differences are explained below

	<b>53 weeks ended 3 March 2012</b>	<b>52 weeks ended 26 February 2011</b>
	<b>£</b>	<b>£</b>
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(1,648,696)	(1,323,255)
	<hr/>	<hr/>
Current tax at 26% (2011 28%)	(428,661)	(370,511)
<i>Effects of</i>		
Tax losses carried forward	427,543	370,511
Items disallowed for Corporation Tax	1,118	-
	<hr/>	<hr/>
Total current tax (see above)	-	-
	<hr/>	<hr/>

**6 Stock**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	370,000	-
	<hr/>	<hr/>

Stock, which was previously held in prepayments, was reclassified during the year

**7. Debtors**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade debtors	4,369,517	4,591,926
Prepayments	-	316,719
Amounts owed by immediate parent undertaking	590,116	-
	<hr/>	<hr/>
	4,959,633	4,908,645
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**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Notes to the financial statements (continued)**

**8. Creditors: amounts falling due within one year**

	2012	2011
	£	£
Amounts due to immediate parent undertaking	4,609,734	3,245,976
Other taxation and social security	385,745	306,219
Accruals	1,200,148	573,748
	<hr/>	<hr/>
	6,195,627	4,125,943
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**9 Deferred taxation**

A deferred tax asset has not been recognised as it is not certain that the relevant timing differences will reverse in the foreseeable future. The full potential asset, at 25% (2011 27%) is as follows

	Potential asset 2012 £	Potential asset 2011 £
Accelerated capital allowances	49,346	53,460
Tax losses carried forward	4,192,610	4,084,020
	<hr/>	<hr/>
	4,241,956	4,137,480
	<hr/>	<hr/>

The deferred tax not recognised by the company has been calculated at a rate of 25%. At the balance sheet date the legislation in place stated that there would be a reduction in the UK corporation tax rate from 26% to 25% effective from 1 April 2012. Since the balance sheet date, it has been announced that the UK corporation tax rate will reduce to 24% from 1 April 2011 with a further incremental decrease over the next two years until the rate reaches 22%. This will reduce the company's future current tax charge accordingly. If the rate change from 25% to 24% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the total unrecognised deferred tax assets at that date by £169,678. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax assets accordingly.

**Witt (UK) Limited**  
**Directors report and financial statements**  
**3 March 2012**

**Notes to the financial statements (continued)**

**10 Share Capital**

	<b>2012 No</b>	<b>Allotted, called up and fully paid 2011 No</b>	<b>2012 £</b>	<b>2011 £</b>
Ordinary shares of €1 each	22,700,000	22,700,000	16,485,513	16,485,513

**11. Reserves**

	<b>Profit &amp; Loss Account 2012 £</b>
At beginning of period	(15,702,811)
Loss for the period	(1,648,696)
At end of period	(17,351,507)

**12. Ultimate Controlling Party**

The immediate parent company is Grattan plc. The largest group in which the results of Witt (UK) Limited are consolidated is headed by OTTO Aktiengesellschaft fuer Beteiligungen, a company incorporated in Germany.

The consolidated accounts of the ultimate undertaking are available to the public and may be obtained from [www.ebunderesanzeiger.de](http://www.ebunderesanzeiger.de)