

COMPANY REGISTRATION NUMBER 4480097

GEN-X IT LIMITED
Financial Statements
31 December 2011



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 2011

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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 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

After an extremely difficult and challenging 2010 it is extremely gratifying to report how successful 2011 has been for Gen-x it Ltd. In terms of profitability this has been the second most successful year for the Company to date and we would like to take this opportunity to thank the entire Gen-x team along with our customers, suppliers and vendor partners

Compared to 2010, 2011 revenues were 10% or just over £1m lower and this is a reflection of changes made in the product mix away from high value low margin items and a focus on specialist more profitable products. This change to the product mix reduces the level of competition experienced with each deal thus leading to less pressure on margins to win those deals. These changes were helped along with more effective and creative marketing coupled with internal sales training married to a renewed proactive sales effort leading to an improvement in gross profits from 14.7% to 18.6%. Profit before tax in 2011 was 444% or £87K higher than 2010's level.

Aside from changes to the product mix and the fantastic efforts of the sales and marketing team it is important to reflect on the hard work of the wider Gen-x team which has improved bottom line profitability and cash flow. In particular the Gen-x Accounts Team and the work they began in the difficult days of 2010 and continued into 2011. Bottom line profitability benefited greatly from aggressive cost savings across the business and cash flow from a reduction in debtor days. The Accounts Team has also continued to improve the security of the ledger by ensuring customers do not stray outside their bank approved credit insured terms. The Purchasing Team secured improved terms from suppliers along with more competitive pricing. The Operations Team worked hard with the other departments and have dramatically improved the turnaround of product returns. The Warehouse Team worked harder than ever as the overall volume of shipments increased month by month. All of this effort was supported by the IT Department which also implemented a number of important systems upgrades and improvements. All in all a fantastic team effort.

We are also happy to report that improved month on month profitability allowed a return to inward investment in the business including seeking to secure ISO 9001 certification, systems upgrades and the creation of a new team charged with bringing additional focus to our growing portfolio of official franchises. Headcount increased during 2011 and there are plans to add further new team members during 2012.

Despite the continued problems with the world economy the month on month success achieved by Gen-x during 2011 is a cause for celebration and bodes well for 2012 which incidentally marks the tenth anniversary of the founding of Gen-x. We feel very proud of the team and our achievements in 2011 and we look forward to a successful tenth year in business.

DIRECTORS

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

Mr A Gould

Miss K Stewart

GEN-X IT LIMITED**The Directors' Report** *(continued)***YEAR ENDED 31 DECEMBER 2011**

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 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 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

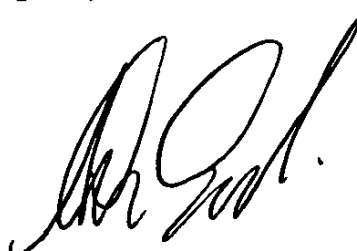
Wrigley Partington are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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 7 August 2012

GEN-X IT LIMITED**Independent Auditor's Report to the Shareholders of Gen-X IT Limited****YEAR ENDED 31 DECEMBER 2011**

We have audited the financial statements of Gen-X IT Limited for the year ended 31 December 2011. 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 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

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 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 2011

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 2011 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 JAMES HUXLEY (Senior
Statutory Auditor)
For and on behalf of
WRIGLEY PARTINGTON
Chartered Accountants
& Statutory Auditor

Sterling House
501 Middleton Road
Chadderton
Oldham
OL9 9LY

7 August 2012

GEN-X IT LIMITED**Profit and Loss Account****YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	2	8,920,874	9,964,072
Cost of sales		<u>7,261,987</u>	<u>8,501,299</u>
GROSS PROFIT		1,658,887	1,462,773
Administrative expenses		1,484,208	1,371,577
Other operating income	3	<u>—</u>	<u>(4,500)</u>
OPERATING PROFIT	4	174,679	95,696
Interest receivable		19,551	15,950
Interest payable and similar charges		<u>(81,684)</u>	<u>(86,299)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		112,546	25,347
Tax on profit on ordinary activities	5	26,463	9,691
PROFIT FOR THE FINANCIAL YEAR		86,083	15,656
Balance brought forward		<u>202,869</u>	<u>187,213</u>
Balance carried forward		<u>288,952</u>	<u>202,869</u>

The notes on pages 8 to 11 form part of these financial statements

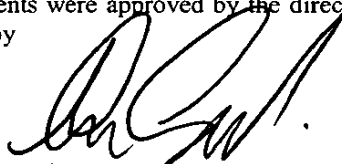
GEN-X IT LIMITED**Balance Sheet****31 DECEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	8,563	4,827
CURRENT ASSETS			
Stocks		564,584	421,102
Debtors	7	2,300,754	1,569,010
Cash at bank and in hand		203,475	17,103
		<u>3,068,813</u>	<u>2,007,215</u>
CREDITORS: Amounts falling due within one year	8	<u>2,048,424</u>	<u>1,208,254</u>
NET CURRENT ASSETS		<u>1,020,389</u>	<u>798,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,028,952</u>	<u>803,788</u>
CREDITORS: Amounts falling due after more than one year	9	<u>738,000</u>	<u>598,919</u>
		<u>290,952</u>	<u>204,869</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	2,000	2,000
Profit and loss account		<u>288,952</u>	<u>202,869</u>
SHAREHOLDERS' FUNDS		<u>290,952</u>	<u>204,869</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 7 August 2012, 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 2011

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 23.33% (2010 - 17.14%) of the total turnover for the year

3. OTHER OPERATING INCOME

	2011	2010
	£	£
Management charges receivable	—	4,500

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2011****4 OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Directors' remuneration	193,674	164,086
Depreciation of owned fixed assets	3,144	12,500
Auditor's fees	5,300	5,100
Net loss/(profit) on foreign currency translation	<u>71,307</u>	<u>(26,536)</u>

5 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 20 25% (2010 - 21%)	26,463	9,691
Total current tax	<u>26,463</u>	<u>9,691</u>

6 TANGIBLE FIXED ASSETS

	Leasehold Property £	Equipment £	Total £
COST			
At 1 January 2011	50,870	58,789	109,659
Additions	—	6,880	6,880
At 31 December 2011	<u>50,870</u>	<u>65,669</u>	<u>116,539</u>
DEPRECIATION			
At 1 January 2011	50,870	53,962	104,832
Charge for the year	—	3,144	3,144
At 31 December 2011	<u>50,870</u>	<u>57,106</u>	<u>107,976</u>
NET BOOK VALUE			
At 31 December 2011	<u>—</u>	<u>8,563</u>	<u>8,563</u>
At 31 December 2010	<u>—</u>	<u>4,827</u>	<u>4,827</u>

7. DEBTORS

	2011 £	2010 £
Trade debtors	1,766,958	1,082,903
Other debtors	315,322	302,455
Directors current accounts	169,178	143,543
Prepayments and accrued income	49,296	40,109
	<u>2,300,754</u>	<u>1,569,010</u>

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2011****7. DEBTORS (continued)**

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

	2011	2010
	£	£
Other debtors	<u>58,994</u>	<u>73,742</u>

8. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	707,550	491,933
Other creditors including taxation and social security		
Invoice discounting	1,176,839	637,082
Corporation tax	26,463	9,691
PAYE and social security	31,250	24,183
Other creditors	11,880	6,543
Accruals and deferred income	<u>94,442</u>	<u>38,822</u>
	<u>1,340,874</u>	<u>716,321</u>
	<u>2,048,424</u>	<u>1,208,254</u>

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

	2011	2010
	£	£
Invoice discounting	<u>1,176,839</u>	<u>637,082</u>

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

	2011	2010
	£	£
Other creditors including		
Related party loan	<u>738,000</u>	<u>598,919</u>

10. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2011	2010
	£	£
Operating leases which expire		
Within 1 year	-	4,482
Within 2 to 5 years	<u>80,210</u>	<u>70,651</u>
	<u>80,210</u>	<u>75,133</u>

GEN-X IT LIMITED**Notes to the Financial Statements****YEAR ENDED 31 DECEMBER 2011****11. TRANSACTIONS WITH THE DIRECTORS**

Included in debtors is £169,178 due from two directors Further details are

	2011	2010
	£	£
Mr A Gould	71,200	63,941
Miss K Stewart	97,978	79,602
	<u>169,178</u>	<u>143,543</u>

	Maximum balance
	£
Mr A Gould	71,200
Miss K Stewart	97,978

The movements on the Mr A Gould's and Miss K Stewart's loans are as a result of sundry withdrawals of £9,685 on Miss K Stewart's loan and interest charged of £7,259 and £8,691 respectively

12. 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 loan outstanding to Mr J Calderwood, a fifty percent shareholder of the company, of £738,000 (2010 - £598,919) for which interest is charged at 12% per annum The interest charged for the period amounted to £81,684 (2010 - £85,481) There is no formal repayment date for the loan, however the loan is not repayable within one year of the year end

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

	2011	2010
	£	£
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>