

# WICK HILL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2006

TUESDAY



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# WICK HILL LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

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# WICK HILL LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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### THE BOARD OF DIRECTORS

I. A. Kilpatrick  
K. Ward  
G. Hitchens

### COMPANY SECRETARY

G. Hitchens

### REGISTERED OFFICE

River Court  
Albert Drive  
Woking  
Surrey  
GU21 5RP

### AUDITOR

Menzies  
Chartered Accountants  
& Registered Auditors  
1st Floor, Midas House  
62 Goldsworth Road  
Woking  
GU21 6LQ

### BANKERS

Barclays Bank Plc  
PO Box 544  
54 Lombard Street  
London  
EC3V 9EX

### SOLICITORS

Mylles & Co  
14 High Street  
Sunninghill  
Ascot  
Berkshire  
SL5 9NE

# WICK HILL LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the distribution and support of computer hardware and software, together with the associated training and consultancy services.

Although our planned exit from low margin business did impact revenues, the overall results from the UK operations continued satisfactorily.

For the coming year, we are confident of improved results in the UK.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £82,000. The directors have not recommended a dividend.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

### DIRECTORS

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

I. A. Kilpatrick  
K. Ward  
G. Hitchens

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### POLICY ON THE PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to:-

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

At the balance sheet date creditor days were 80 days (2005: 45 days).

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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, as described on pages 7 to 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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 auditors are 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 auditors are aware of that information.

# WICK HILL LIMITED

## THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 MARCH 2006

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### DONATIONS

During the year the company made the following contributions:

	2006 £	2005 £
Charitable	<u>100</u>	<u>2,260</u>

### AUDITOR

A resolution to re-appoint Menzies as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
River Court  
Albert Drive  
Woking  
Surrey  
GU21 5RP

Signed by order of the directors



G. Hitchens  
Company Secretary

Approved by the directors on ..... 25/1/07

# WICK HILL LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WICK HILL LIMITED

YEAR ENDED 31 MARCH 2006

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We have audited the financial statements of Wick Hill Limited for the year ended 31 March 2006 on pages 5 to 13 which have been prepared on the basis of the accounting policies set out on pages 7 to 8.

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 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 AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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.

### 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 31 March 2006 and of its profit for the year then ended and 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.

1st Floor, Midas House  
62 Goldsworth Road  
Woking  
GU21 6LQ

29/1/2007

  
MENZIES  
Chartered Accountants  
& Registered Auditors

# WICK HILL LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £000	2005 £000
<b>TURNOVER</b>	<b>2</b>	11,335	13,060
Cost of sales		9,210	10,867
<b>GROSS PROFIT</b>		2,125	2,193
Administrative expenses		2,149	2,156
Other operating income	<b>3</b>	(111)	(103)
<b>OPERATING PROFIT</b>	<b>4</b>	87	140
Interest receivable and similar income		2	6
Interest payable and similar charges	<b>7</b>	(4)	(5)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		85	141
Tax on profit on ordinary activities	<b>8</b>	3	12
<b>PROFIT FOR THE FINANCIAL YEAR</b>		82	129

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 13 form part of these financial statements.

# WICK HILL LIMITED

## BALANCE SHEET

31 MARCH 2006

	Note	2006 £000	2005 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	64	85
<b>CURRENT ASSETS</b>			
Stocks	10	822	969
Debtors	11	4,720	2,232
Cash at bank		76	81
		<u>5,618</u>	<u>3,282</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>3,014</u>	<u>1,611</u>
<b>NET CURRENT ASSETS</b>		2,604	1,671
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,668</u>	<u>1,756</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>-</u>	<u>3</u>
		2,668	1,753
<b>ACCRUALS AND DEFERRED INCOME</b>	17	<u>1,513</u>	<u>680</u>
		<u>1,155</u>	<u>1,073</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	21	20	20
Profit and loss account	22	1,135	1,053
<b>SHAREHOLDERS' FUNDS</b>	23	<u>1,155</u>	<u>1,073</u>

These financial statements were approved by the directors on the 25/1/07 and are signed on their behalf by:

  
J. A. Kilpatrick

The notes on pages 7 to 13 form part of these financial statements.

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### Turnover

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

#### 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:

Furniture and fittings	- 33% per annum on cost
Motor vehicles	- 33% per annum on cost
Computer equipment	- 20 - 33% per annum on cost

#### Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

#### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

#### 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.

#### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 1. ACCOUNTING POLICIES *(continued)*

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 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

The company's turnover and profit before taxation was all derived from its principal activity. In the opinion of the directors a geographical analysis of turnover would be seriously prejudicial to the interests of the company and as a result no such analysis has been disclosed.

### 3. OTHER OPERATING INCOME

	2006 £000	2005 £000
Management charges receivable	111	103

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006 £000	2005 £000
Depreciation of owned fixed assets	46	62
Depreciation of assets held under hire purchase agreements	11	14
Profit on disposal of fixed assets	-	(10)
Auditor's remuneration		
- as auditor	12	9
- for other services	8	7
Operating lease costs:		
Plant and equipment	71	54
Other	132	134
Net profit on foreign currency translation	-	(1)

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006 No	2005 No
Number of production staff	26	25
Number of administrative staff	6	6
	<u>32</u>	<u>31</u>

The aggregate payroll costs of the above were:

	2006 £000	2005 £000
Wages and salaries	1,068	1,071
Social security costs	126	125
Other pension costs	54	53
	<u>1,248</u>	<u>1,249</u>

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £000	2005 £000
<i>Emoluments receivable</i>	276	309
Value of company pension contributions to money purchase schemes	13	16
	<u>289</u>	<u>325</u>

**Emoluments of highest paid director:**

	2006 £000	2005 £000
Total emoluments (excluding pension contributions)	98	96
Value of company pension contributions to money purchase schemes	--	7
	<u>98</u>	<u>103</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2006 No	2005 No
Money purchase schemes	<u>2</u>	<u>2</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £000	2005 £000
Interest payable on bank borrowing	3	2
Finance charges	1	3
	<u>4</u>	<u>5</u>

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2006 £000	2005 £000
Current tax:		
UK Corporation tax based on the results for the year at 19% (2005 - 30%)	-	14
Over/under provision in prior year	-	(1)
Total current tax	-	13
Deferred tax:		
Origination and reversal of timing differences	3	(1)
Tax on profit on ordinary activities	3	12

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2005 - 30%).

	2006 £000	2005 £000
Profit on ordinary activities before taxation	85	141
Profit/(loss) on ordinary activities by rate of tax	16	42
Depreciation in excess of capital allowances	-	1
Expenses not deductible for tax purposes	3	(4)
Marginal relief	-	(8)
Group relief claimed	(19)	(17)
Over provision in prior year	-	(1)
Total current tax (note 8(a))	-	13

### 9. TANGIBLE FIXED ASSETS

	Furniture & Fittings £000	Motor Vehicles £000	Computer Equipment £000	Total £000
<b>COST</b>				
At 1 April 2005	79	42	219	340
Additions	3	-	33	36
<b>At 31 March 2006</b>	<b>82</b>	<b>42</b>	<b>252</b>	<b>376</b>
<b>DEPRECIATION</b>				
At 1 April 2005	54	28	173	255
Charge for the year	21	11	25	57
<b>At 31 March 2006</b>	<b>75</b>	<b>39</b>	<b>198</b>	<b>312</b>
<b>NET BOOK VALUE</b>				
<b>At 31 March 2006</b>	<b>7</b>	<b>3</b>	<b>54</b>	<b>64</b>
At 31 March 2005	25	14	46	85

#### Hire purchase agreements

Included within the net book value of £64,000 is £4,000 (2005 - £14,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £11,000 (2005 - £14,000).

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 10. STOCKS

	2006 £000	2005 £000
Finished goods	822	969

### 11. DEBTORS

	2006 £000	2005 £000
Trade debtors	2,667	930
Amounts owed by group undertakings	1,185	756
Other debtors	94	1
Prepayments and accrued income	749	517
Deferred taxation (note 12)	25	28
	4,720	2,232

### 12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2006 £000	2005 £000
Included in debtors (note 11)	25	28

The movement in the deferred taxation account during the year was:

	2006 £000	2005 £000
Balance brought forward	28	27
Profit and loss account movement arising during the year	(3)	1
Balance carried forward	25	28

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2006 £000	2005 £000
Excess of taxation allowances over depreciation on fixed assets	25	28
	25	28

### 13. CREDITORS: Amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	2,018	1,344
Corporation tax	-	15
Other taxation and social security	371	103
Hire purchase agreements	3	10
Other creditors	622	139
	3,014	1,611

Included in other creditors is £622,111 (2005 - £139,203) which relates to factored debts in which there is recourse to the company. The amounts are secured on the assets of the company.

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 14. CREDITORS: Amounts falling due after more than one year

	2006 £000	2005 £000
Hire purchase agreements	-	3

### 15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2006 £000	2005 £000
Amounts payable within 1 year	3	11
Amounts payable between 2 to 5 years	-	4
	3	15
Less interest and finance charges relating to future periods	-	(2)
	3	13

### 16. PENSIONS

The company operates a defined contribution scheme for its employees, held in the name of the parent company, whose assets are held separately from the group in independently administered funds. The pension cost, disclosed under note 5, represents contributions payable by the company.

### 17. ACCRUALS AND DEFERRED INCOME

	2006 £000	2005 £000
Falling due within one year:		
Accruals and deferred income	1,513	680

### 18. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	-	2	-	-
Within 2 to 5 years	127	17	127	17
	127	19	127	17

### 19. CONTINGENCIES

The company is included in a group registration for VAT purposes and has joint and several liability with other members of the group should unpaid liabilities occur.

### 20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by FRS8 and has not disclosed transactions with group companies where over 90% of the voting rights are held within the group.

Guaranteed Results Limited is a company owned and controlled by K Kilpatrick, who is a director of the ultimate parent company, Wick Hill Group Plc. During the year, the company made sales of £138,236 and purchases of £176,166 from Guaranteed Results Limited.

The company owed Guaranteed Results Limited £115,404 as at 31 March 2006, and was owed £92,531 at that date.

# WICK HILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

### 21. SHARE CAPITAL

#### Authorised share capital:

	2006 £000	2005 £000
40,000 Ordinary shares of £1 each	40	40

#### Allotted, called up and fully paid:

	2006 No	£000	2005 No	£000
Ordinary shares of £1 each	20,000	20	20,000	20
<b>Equity shares</b>				
Ordinary shares of £1 each	20,000	20	20,000	20

### 22. PROFIT AND LOSS ACCOUNT

	2006 £000	2005 £000
Balance brought forward	1,053	924
Profit for the financial year	82	129
Balance carried forward	1,135	1,053

### 23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Profit for the financial year	82	129
Opening shareholders' funds	1,073	944
Closing shareholders' funds	1,155	1,073

### 24. ULTIMATE PARENT COMPANY

The ultimate parent company is Wick Hill Group plc, a company incorporated in the United Kingdom. Copies of the group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14, 3UZ.

The ultimate controlling party is I. A. Kilpatrick.