Registered no: 02051703

XMA Limited
Annual report and financial statements for the year ended 31 December 2014

XMA Limited

Annual report and financial statements for the year ended 31 December 2014

Strategic report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Principal activities

The principal activity of the company continues to be the provision of computer products and services.

Review of the business

On 2 January 2014 Westcoast (Holdings) Limited the ultimate parent company acquired the entire share capital of Viglen Limited. It is the intention of the group to combine the operations of Viglen Limited and XMA Limited. Work on this is progressing on schedule and will be complete during 2015.

On the 8 January 2014 the company acquired the entire share capital of Quarry Court Holdings Limited and all of its subsidiaries. The activity of the main trading subsidiary, (QC Supplies Limited) is that of the resale of electronic office supplies. The QC Supplies business has been fully integrated within XMA Limited during 2014.

2014 has demonstrated both the strength and adaptability of the company by increasing turnover by 35.3% achieving gross profit margin at 10.63%. Operating profit for the year came in at £4.1million (2013: £3.4 million).

The directors remain convinced that XMA's position is firmly established in this marketplace and continue to remain confident that XMA's presence across the breadth of the public sector and growing engagement in the corporate sector across a variety of technologies and related services will ensure success over the medium to longer term.

The profit and loss account for the year is set out on page 8. A dividend of £3.0m has been paid in 2014 (2013: £3.0m).

Through further investment in our people and systems we strive to expand our business in related markets. The directors remain confident that XMA is well placed to take advantage of opportunities as they arise.

Key financial performance indicators

	2014	2013	Change
	£'000	£'000	£'000/%
Revenue	**222,353**	164,362	57,991
Operating profit	**4,149**	3,435	714
Operating profit as % of turnover	**1.87%**	2.09%	(0.22%)

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the company's future operating profits or financial position. The company has controls embedded within its systems to limit each of these potential exposures and regularly reviews, reassesses and proactively limits the associated risks.

Strategic report for the year ended 31 December 2014 (Continued)

- Intense competition among global IT vendors or within the channel may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased investment and interest costs or bad debt risks.
- Significant changes in supplier terms, such as volume discounts or rebates, a reduction in the amount of incentives available, reduction or termination of price protection, stock rotations or other stock management programs or reductions in payment terms may adversely impact operations or financial conditions.

By order of the board

M.E. Ray.

M Ray
Company Secretary
27 February 2015

Directors' report for the year ended 31 December 2014

Directors

The directors of the company at 31 December 2014, who were directors during the year then ended, and up to the date of signing these financial statements, unless otherwise stated were:

S Madhani
D Forsyth (resigned 1 May 2014)
L Hemani
C Batchelor (resigned 1 May 2014 and reappointed 24 June 2014)
B Tkachuk (appointed 2 January 2014)
M Ray (appointed 1 May 2014)

Directors' indemnities

The company maintained throughout the financial year Directors' and Officers' liability in respect of itself and its Directors.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, foreign exchange rate risk, credit 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.

Price risk
The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit consideration.

Foreign exchange rate risk
The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company no longer uses foreign exchange forward contracts to hedge these exposures due to cost benefit consideration.

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

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 is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company has a policy and procedures manual that sets out specific guidance to manage credit risk where policies have been implemented that require appropriate credit checks on potential customers before sales are made. Additionally the company has a debt insurance policy in place.

The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk
The company actively maintains an appropriate level of debt through borrowing from group companies.

Directors' report for the year ended 31 December 2014 (continued)

Policy on payment of creditors

Although there is no standard payment practice, it is company policy to abide by the terms of payment agreed prior to the initial transaction. For the year ended 31 December 2014 the average payment period of trade creditors was 24 days (2013: 24 days).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company intranet.

Environment

The company is aware of its environmental obligations and actively promotes environmental initiatives with its employees, customers and suppliers.

Charitable donations

The company has continued to support national charities through internally organised functions and fundraising events. Charitable donations were made during the year to the value £1,050 (2013: £1,150). The charities were the Wild Life Trust (Nottingham), and St Peters School PTA.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

Directors' report for the year ended 31 December 2014 (continued)

Subsequent events

The company shares funding for its working capital requirements with its fellow group subsidiary Westcoast Limited. On 2 February 2015 Westcoast Limited renewed it asset based lending facility agreement with Lloyds TSB Commercial Finance Limited and the facility increased to £175m. The funding availability is subject to covenants and conditions prescribed by the Agreement.

Statement as to disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board

M.E.Ray.

M Ray
Company Secretary
27 February 2015

Independent auditors report to the members of XMA Limited

Report on the financial statements

Our opinion

In our opinion, XMA Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

XMA Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors report to the members of XMA Limited (Continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
27 February 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	**222,353**	164,362
Cost of sales		**(198,715)**	(145,919)
Gross profit		**23,638**	18,443
Administrative expenses		**(19,992)**	(15,527)
Other operating income		**503**	519
Operating profit	3	**4,149**	3,435
Interest receivable and similar income	5	**1**	-
Interest payable and similar charges	6	**(3)**	(1)
Profit on ordinary activities before taxation		**4,147**	3,434
Tax on profit on ordinary activities	7	**(866)**	(849)
Profit for the financial year	16,17	**3,281**	2,585

The results for the years shown above are derived entirely from continuing operations

Statement of total recognised gains and losses for the year ended 31 December 2014

	2014 £'000	2013 £'000
Profit for the financial year	**3,281**	2,585
Revaluation of land and buildings	-	(672)
Total recognised gains and losses relating to the year	**3,281**	1,913

Note of historical cost profits and losses for the year ended 31 December 2014

	2014 £'000	2013 £'000
Reported profit on ordinary activities before taxation	**4,147**	3,434
Realisation of property revaluation recognised in previous years	-	215
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	2
Historical cost profit on ordinary activities before taxation	**4,147**	3,651
Historical cost profit for the year retained after taxation	**3,281**	2,802

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	8	**1,677**	1,403
Tangible assets	9	**454**	241
Investments	10	**-**	-
		2,131	1,644
Current assets			
Stocks	11	**22,044**	898
Debtors	12	**20,938**	20,683
Cash at bank and in hand		**3,081**	1,056
		46,063	22,637
Creditors – Amounts falling due within one year	13	**(37,423)**	(13,791)
Net current assets		**8,640**	8,846
Total assets less current liabilities		**10,771**	10,490
Net assets		**10,771**	10,490
Capital and reserves			
Called-up share capital	15	**533**	533
Share premium account	16	**67**	67
Profit and loss account	16	**10,171**	9,890
Total shareholders' funds	17	**10,771**	10,490

The financial statements on pages 8 to 21 were approved by the board of directors on 27 February 2014 and were signed on its behalf by:

M Ray
Director

L Hemani
Director

Registered number 02051703

Notes to the financial statements for the year ended 31 December 2014

1 Accounting policies

These financial statements are prepared under the historical cost convention on a going concern basis as modified by the revaluation of certain tangible fixed assets. The accounting policies have been applied consistently throughout the year, in accordance with the Companies Act 2006 and in accordance with applicable accounting standards, in the United Kingdom.

Cash flow transactions and related party disclosure

The company is a wholly owned subsidiary of Westcoast (Holdings) Limited and is included in the consolidated financial statements of Westcoast (Holdings) Limited, its ultimate parent undertaking, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) "Cash Flow Statement". The company is also exempt under the terms of FRS 8 "Related Party Disclosure" from disclosing related party transactions with entities that are part of the Westcoast (Holdings) Limited group or investees of the Westcoast (Holdings) Limited group.

Exemption from preparation of consolidated financial statements

XMA Limited has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements as its ultimate parent undertaking Westcoast (Holdings) Limited is a UK company that prepares consolidated financial statements which are publicly available.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied during the year and includes the sales value of long term contracts relevant to their state of completion. Revenue from contracts for maintenance, support and annually and other periodically contracted products and services is recognised on a pro-rata basis over the contract period. Turnover is stated net of trade discounts and rebates given.

Intangible assets – goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired. Purchased goodwill is eliminated by amortisation through the profit and loss account over its expected useful economic life, to a maximum of twenty years. The goodwill on acquisition of Direct IT Ltd and QC Supplies Ltd is amortised over 10 years and for XMA Print Solutions Ltd is over 5 years.

The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation with the exception of freehold land and buildings which were previously stated at fair value. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of purchase.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less the residual value, on a straight line basis over the expected useful economic lives of the assets concerned. Land is not depreciated. The principal annual rates used for this purpose are:

Freehold buildings	2% per annum
Computer equipment	25-33% per annum
Plant and machinery	20% per annum
Motor Vehicles	25% per annum

Surpluses arising on professional valuations of properties are taken directly to the revaluation reserve. Deficits are eliminated against any revaluation reserve in respect of that item with any excess being charged to the profit and loss account unless management consider the value in use to exceed this valuation.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves.

Stocks

Stocks is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Taxation

Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Deferred taxation (continued)

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains or losses are included in the profit and loss account in the year in which they arise.

Pension costs

The company provides pension benefits to eligible employees through membership of a defined contribution scheme. The costs are recognised in the profit and loss account as incurred. The assets of the scheme are held in independently administered funds.

Leases

Assets held under operating leases are those where substantially all the risks and rewards of ownership of the asset remain with the lessor. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2 Turnover

Turnover is derived wholly from the company's principal activity. In the opinion of the directors there is only one class of business. Turnover is recognised when risks and rewards are transferred to the customer. The destination of turnover was as follows:

	2014	2013
	£'000	£'000
UK	**190,530**	158,762
EU	**25,178**	5,403
Other export	**6,645**	197
	222,353	164,362

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Wages and salaries	**12,105**	11,247
Social security costs	**1,421**	1,171
Other pension costs	**262**	127
Staff costs	**13,788**	12,545
Depreciation of tangible fixed assets	**193**	234
Amortisation of goodwill	**307**	249
Loss/(profit) on disposal of tangible fixed assets	**4**	(19)
Foreign exchange loss	**120**	10
Operating lease rentals - plant and machinery	**156**	33
- other	**507**	289
Impairment of Investment	**553**	-
Services provided by the company's auditor		
- fees payable for the audit	**44**	29
- fees payable for other services – tax compliance	**6**	7

4 Employee information

The average monthly number of employees, including directors, during the year was as follows:

	2014 Number	2013 Number
Sales	**109**	98
Administration	**204**	168
	313	266

	2014 £'000	2013 £'000
Directors' emoluments	**426**	201
Directors' pension contributions to money purchase schemes	-	-
	426	201

The above details of directors' emoluments do not include the emoluments of Mr D Forsyth, Mr S Madhani, Mr M Ray, Mr B Tkachuk and Mrs C Batchelor, which are paid by the parent company or fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2014 amounted to £525k also includes a recharge of administration costs borne by the parent company or fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of Mr D Forsyth's, Mr S Madhani's, Mr M Ray's, Mr B Tkachuk's and Mrs C Batchelor's emoluments.

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Employee information (continued)

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2014 £'000	2013 £'000
Directors' emoluments	**426**	201
Directors' pension contributions to money purchase schemes	**-**	-
	426	201

5 Interest receivable and similar income

	2014 £'000	2013 £'000
Other interest receivable	**1**	-

6 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable on bank loans and overdrafts	**1**	1
Other interest payable	**2**	-
	3	1

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Taxation on the profit for the year		
United Kingdom corporation tax on profits for the year	**1,096**	880
Adjustment in respect of prior year	**2**	(11)
Total current tax	**1,098**	869
Deferred tax		
Origination and reversal of timing differences	**(254)**	(5)
Adjustment in respect of prior years	**4**	(37)
Changes in tax rates or laws	**18**	22
Total deferred tax (note 14)	**(232)**	(20)
Tax charge on profit on ordinary activities	**866**	849

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK 21.5% (2013: 23.25%).

The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	**4,147**	3,434
Profit on ordinary activities multiplied by standard rate in the UK of 21.5% (2013: 23.25%)	**891**	798
Effects of:		
Expenses not deductible for tax purposes	**249**	77
Other timing differences	**3**	(6)
Depreciation in excess of capital allowances	**(47)**	11
Adjustment in respect of prior year	**2**	(11)
Current tax charge for the year	**1,098**	869

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 23% to 21% from 1 April 2014.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduce the main rate to 20% from 1 April 2015. The deferred tax assets and liabilities have been updated to reflect the reduction in the rates.

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2014	2,270
Acquisitions	581
At 31 December 2014	**2,851**
Accumulated amortisation	
At 1 January 2014	867
Charge for the year	307
At 31 December 2014	**1,174**
Net book value	
At 31 December 2014	**1,677**
At 31 December 2013	1,403

The opening goodwill arose on the acquisition of the trade and designated assets and liabilities of Direct IT Distribution Ltd and XMA Print Solutions Limited, which is being amortised on a straight line basis over an estimated useful economic life of 10 years and 5 years respectively. Goodwill on the acquisition of the trade and designated assets and liabilities of QC Supplies Limited of £581k is being amortised on a straight line basis over an estimate useful economic life of 10 years.

9 Tangible fixed assets

	Leasehold Improvements £'000	Computer equipment £'000	Plant and machinery £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2014	-	730	623	-	1,353
Additions	25	81	25	41	172
Acquisitions	14	160	13	59	246
Disposals	-	(122)	(9)	(14)	(145)
At 31 December 2014	**39**	**849**	**652**	**86**	**1,626**
Accumulated Depreciation					
At 1 January 2014	-	605	507	-	1,112
Charge for the year	3	121	56	13	193
Disposals	-	(122)	(9)	(2)	(133)
At 31 December 2014	**3**	**604**	**554**	**11**	**1,172**
Net book amount					
At 31 December 2014	**36**	**245**	**98**	**75**	**454**
At 31 December 2013	-	125	116	-	241

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Investments

	Trade Investment £'000	Total £'000
Cost		
At 1 January 2014	-	-
Acquisitions	1,134	1,134
Transfer to Goodwill	(581)	(581)
At 31 December 2014	**553**	**553**
Provision for impairment		
At 1 January 2014	-	-
Charge for the year	**553**	**553**
At 31 December 2014	**553**	**553**
Net book value		
At 31 December 2014	**-**	**-**
At 31 December 2013	-	-

On 8 January 2014 the Company acquired entire share capital of Quarry Court Holdings Limited and all of its subsidiaries. The activity of the main trading subsidiary (QC Supplies Limited) is that of the resell of electronic office supplies. On 1 April 2014 the trade and assets of QC Supplies Limited were transferred into XMA Limited (see note 22) as such the original investment has been reallocated to goodwill. The assets were hived up at the book value at 1 April 2014 resulting in an impairment of £553,000.

11 Stocks

	31 December 2014 £'000	31 December 2013 £'000
Goods for resale	**22,044**	898

The directors are of the opinion that the estimated replacement cost of stocks is not materially different from their balance sheet values.

12 Debtors

	31 December 2014 £'000	31 December 2013 £'000
Current:		
Trade debtors	**19,425**	11,936
Amounts owed by group undertakings	**-**	7,188
Other debtors	**16**	8
Deferred taxation (see note 14)	**380**	148
Prepayments and accrued income	**1,117**	1,403
	20,938	20,683

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 Creditors – Amounts falling due within one year

	31 December 2014 £'000	31 December 2013 £'000
Trade creditors	**13,117**	9,779
Amounts owed to group undertakings	**17,558**	-
Other taxation and social security	**787**	439
Corporation tax	**1,037**	379
Other creditors	**61**	116
Accruals and deferred income	**4,863**	3,078
	37,423	13,791

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Deferred taxation

	31 December 2014 £'000	31 December 2013 £'000
At 1 January 2014	**148**	128
Deferred tax charge for the year	**236**	(17)
Adjustment in respect of prior years	**(4)**	37
At 31 December 2014	**380**	148

	31 December 2014 £'000	31 December 2013 £'000
Capital allowances in advance of depreciation	**263**	146
Short term timing differences	**6**	2
Losses	**111**	-
	380	148

A deferred tax asset has been recognised based on expectations of recoverability against future taxable profits.

15 Called up share capital

	31 December 2014 £'000	31 December 2013 £'000
Allotted, called-up and fully paid		
533,332 ordinary shares of £1 each (2013: 533,332)	**533**	533

Notes to the financial statements for the year ended 31 December 2014 (continued)

16 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	67	9,890
Profit for the financial year	-	3,281
Dividend paid	-	(3,000)
At 31 December 2014	**67**	**10,171**

17 Reconciliation of movements in shareholders' funds

	31 December 2014 £'000	31 December 2013 £'000
Profit for the financial year	**3,281**	2,585
Dividend paid	**(3,000)**	(3,000)
Other recognised gains and losses relating to the year	**-**	(672)
Net change in shareholders' funds	**281**	(1,087)
Opening shareholders' funds	**10,490**	11,577
Closing shareholders' funds	**10,771**	10,490

18 Dividends

	2014 £'000	2013 £'000
Final paid £5.63 per £1 share (2013: £5.63 per £1 share)	**3,000**	3,000

19 Leasing commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases for assets including land and buildings, expiring as follows:

	2014		**2013**	
	Property £000's	**Other £000's**	**Property £000's**	**Other £000's**
Annual commitments under non-cancellable operating leases expiring:				
Within one year	**27**	**27**	9	7
Between two and five years	**332**	**40**	185	74
	359	**67**	194	81

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 Pension commitments

The company operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from the company. The pension cost charge for the year was £262k (2013: £127k). Contributions of £47k (2013: £20k) included in accruals, were payable at the year end.

21 Ultimate holding company and controlling party

The company is a wholly owned subsidiary undertaking of Westcoast (Holdings) Limited, a company registered in England and Wales.

The ultimate parent company is Westcoast (Holdings) Limited. Westcoast (Holdings) Limited is the largest and smallest group in which XMA Limited is consolidated. The consolidated financial statements of Westcoast (Holdings) Limited are available from Arrowhead Park, Arrowhead Road, Theale, Berkshire, RG7 4AH. The directors regard Mr A Hemani as the ultimate controlling party by virtue of his interest in the share capital of Westcoast (Holdings) Limited.

22 Acquisitions

QC Supplies Limited

On the 1 April 2014, XMA Limited acquired the trade and assets of QC Supplies Limited, a subsidiary of Quarry Court Holdings Limited.

	Book Value £'000	Provisional fair value £'000
Fixed Assets	246	246
Stocks	2,272	2,272
Debtors	2,040	2,040
Cash	575	575
Creditors	(5,344)	(5,344)
Net liabilities acquired	**(211)**	**(211)**
Consideration (including acquisition expenses)	(211)	(211)

The fair value of the other assets and liabilities acquired were considered to be equal to the book value that had previously been recognised in the accounting records of QC Supplies Limited. Hence no further fair value adjustments have been made. Consideration of £211k is payable by QC Supplies Limited to XMA Limited of acquisition.

Notes to the financial statements for the year ended 31 December 2014 (continued)

22 Acquisitions (Continued)

Prior to the acquisition the trading results of the QC Supplies Limited were as follows:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Turnover	33,532	44,744
Operating loss	(1,494)	(81)
Loss after tax	(1,542)	(125)

The results of QC Supplies Limited have been integrated with XMA Limited following the transfer of its trade and assets into XMA Limited.