

WELLCOM LONDON LIMITED

FINANCIAL STATEMENTS

30 JUNE 2011



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WELLCOM LONDON LIMITED
FINANCIAL STATEMENTS
AS AT 30 JUNE 2011

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WELLCOM LONDON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 30 JUNE 2011

Company registration number	00979521
The board of directors	Mr J Graham Mr W W Sidwell Mr C A Anzarut
Company secretary	Mr J Graham
Registered office	7 Curtain Road London EC2A 3LT
Current auditor	Sayers Butterworth LLP 3rd Floor 12 Gough Square London EC4A 3DW
Bankers	Lloyds TSB Holborn Circus Thavies Inn House 6 Holborn Circus London EC1N 2HP
Solicitors	Thomas Eggar LLP The Corn Exchange Baffin's Lane Chichester West Sussex PO19 1GE

WELLCOM LONDON LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report and financial statements for the year ended 30 June 2011

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company was that of the provision of pre media services

EVENTS AFTER THE REPORTING PERIOD

On the 1 July 2011 the company acquired the business assets of Mission Possible (Create) Limited. The acquisition will materially affect the future results and operations of the company. The acquisition was funded by company cash reserves and an increase in the short term loan from Wellcom Group Limited. The impact of the acquisition has been assessed and included in the 2011/2012 company budget submitted to Wellcom Group Limited on 11 July 2011.

DIRECTORS

The following directors served during the period

Mr W W Sidwell
Mr C A Anzarut
Mr J Graham

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

Sayers Butterworth LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

Approved by the board on 3 August 2011
and signed on its behalf by



Mr C A Anzarut
Director

WELLCOM LONDON LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2011

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance, 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 enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.

WELLCOM LONDON LIMITED

Independent auditor's report to the shareholders of Wellcom London Limited FOR THE YEAR ENDED 30 JUNE 2011

We have audited the financial statements of 30 June 2011 for the period ended 30 June 2011. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT

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. In addition, we read all the financial and non-financial information in the Directors' 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.

WELLCOM LONDON LIMITED

**Independent auditor's report to the shareholders of Wellcom London Limited (continued)
FOR THE YEAR ENDED 30 JUNE 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 30 June 2011 and of its results for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and,
- have been prepared in accordance with 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



Martin C Dunne (Senior Statutory Auditor)
For and on behalf of

Sayers Butterworth LLP
3rd Floor
12 Gough Square
London
EC4A 3DW

3 August 2011

WELLCOM LONDON LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 £	2010 £
Revenue		4,131,720	3,618,825
Cost of sales		<u>(1,870,681)</u>	<u>(1,805,482)</u>
GROSS PROFIT		2,261,039	1,813,343
Other operating income		15,089	31,338
Administrative expenses		<u>(1,983,425)</u>	<u>(2,163,528)</u>
Restructuring costs		-	<u>(115,116)</u>
OPERATING PROFIT/(LOSS)	3	292,703	(433,963)
Other non-operating income		<u>9</u>	<u>72</u>
PROFIT/(LOSS) BEFORE TAX		292,712	(433,891)
Income tax income	6	<u>26,573</u>	<u>36,836</u>
PROFIT/(LOSS) FOR THE YEAR		<u>319,285</u>	<u>(397,055)</u>

The notes on pages 11 to 23 form part of these financial statements.

WELLCOM LONDON LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
Balance at 1 July 2010	1,700	300	206,022	208,022
Profit for the year	-	-	319,285	319,285
Total recognised income for the year	-	-	319,285	319,285
Balance at 30 June 2011	<u>1,700</u>	<u>300</u>	<u>525,307</u>	<u>527,307</u>

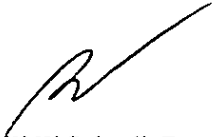
	Issued capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
Balance at 1 July 2009	1,700	300	603,077	605,077
Loss for the year	-	-	(397,055)	(397,055)
Total recognised expense for the year	-	-	(397,055)	(397,055)
Balance at 30 June 2010	<u>1,700</u>	<u>300</u>	<u>206,022</u>	<u>208,022</u>

The notes on pages 11 to 23 form part of these financial statements.

WELLCOM LONDON LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 £	2010 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	228,804	304,640
Deferred tax assets	8	25,608	24,010
		<u>254,412</u>	<u>328,650</u>
CURRENT ASSETS			
Inventories	12	42,521	54,240
Trade and other receivables	13	493,027	734,990
Prepayments		367,025	278,705
Cash and cash equivalents	14	1,119,363	192,667
		<u>2,021,936</u>	<u>1,260,602</u>
TOTAL ASSETS		<u>2,276,348</u>	<u>1,589,252</u>
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	1,700	1,700
Reserves	16	300	300
Retained profits		525,307	206,022
TOTAL EQUITY		<u>527,307</u>	<u>208,022</u>
NON CURRENT LIABILITIES			
Deferred tax payables	8	-	9,067
Trade and other payables	17	560,000	560,000
		<u>560,000</u>	<u>569,067</u>
CURRENT LIABILITIES			
Provisions	18	13,230	125,388
Trade and other payables	17	1,175,811	686,775
		<u>1,189,041</u>	<u>812,163</u>
TOTAL EQUITY AND LIABILITIES		<u>2,276,348</u>	<u>1,589,252</u>

Approved by the Board on 3 August 2011 and signed on its behalf by


Mr W W Sidwell, Director


Mr C A Anzarut, Director

Company registration number. 00979521

The notes on pages 11 to 23 form part of these financial statements.

WELLCOM LONDON LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 £	2010 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating	319,285	(397,055)
ADJUSTMENTS TO RECONCILE TO PROFIT/(LOSS) FROM OPERATIONS		
Interest income	(9)	(72)
Income tax expense	(26,573)	2,205
ADJUSTMENTS TO RECONCILE PROFIT/(LOSS) FROM OPERATIONS	(26,582)	2,133
ADJUSTMENTS TO RECONCILE PROFIT/(LOSS) FROM OPERATIONS	292,703	(394,922)
NON-CASH ADJUSTMENTS		
Depreciation	107,092	117,380
Loss on disposal of non-current assets	-	2,687
(Increase)/decrease in deferred tax assets	-	(39,041)
NON-CASH ADJUSTMENTS	107,092	81,026
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	399,795	(313,896)
INCREASE IN WORKING CAPITAL		
Decrease in inventories	11,719	7,581
Decrease/(Increase) in trade and other receivables	153,643	(248,449)
Increase in trade and other payables	489,035	577,687
Decrease in provisions	(112,158)	(22,391)
INCREASE IN WORKING CAPITAL	542,239	314,428
CASH FLOWS FROM OPERATING ACTIVITIES	942,034	532
CASH FLOWS FROM OTHER OPERATING ACTIVITIES		
Receipts of interest classified as operating	9	72
Income taxes refunded	15,908	154,994
CASH FLOWS FROM OTHER OPERATING ACTIVITIES	15,917	155,066
NET CASH FLOWS FROM OPERATING ACTIVITIES	957,951	155,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(31,255)	(167,407)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	926,696	(11,809)
 Cash and cash equivalents as at 1 July 2010	 192,667	 204,476
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2011	1,119,363	192,667

The notes on pages 11 to 23 form part of these financial statements.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2011

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements for the year were authorised for issue on 3 August 2011 and the balance sheet signed on the boards behalf by Mr W W Sidwell and Mr C A Anzarut Wellcom London Limited is a limited company incorporated and domiciled in England & Wales

2 ACCOUNTING POLICIES

Basis of preparation

The company's financial statements have been prepared in accordance with international Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985

The financial report is presented in UK Sterling and all values are rounded to the nearest pound (£) unless otherwise stated

Statement of compliance

The financial report complies with the UK Financial Reporting Standards (FRS) which includes the UK equivalents to International Reporting Standards. The financial report complies with International Financial Reporting Standards (IFRS)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes

Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases

Short leasehold property	Over the life of the lease
Plant and equipment	20%
Motor vehicles	25%
Fixtures and fittings	20% - 25%

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

2. ACCOUNTING POLICIES (continued)

Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

Trade and other receivables

Trade and other receivables are recognised by the company and carried at the original invoice amount less an allowance for any uncollectible or impaired amounts

An estimate for doubtful debts is made when collection of the full amount is no longer probable
Bad debts are written off when they are identified as being bad

Other receivables are recognised at fair value

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less

Provisions

Provisions are recognised when the company has a present obligation that arises as a consequence of a past event, it is probable that an outflow of resources will be required to settle that obligation and the obligation can be reliably estimated. The provisions are measured as the estimated expenditure that will be required to settle such obligations as at the balance sheet date. Discounting to present value is employed in the estimation process when the effect of the time value of money is material

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Operating lease commitments

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term

Finance leases

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation

Lease payments are apportioned between finance charges, if applicable, and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability
Finance charges are charges directly against income

Finance leased assets are recognised on a straight-line basis over the estimated useful life of the asset

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

2. ACCOUNTING POLICIES (continued)

Foreign currency translation

All foreign currency translations during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Where foreign currency monetary items exist at reporting date, they are translated at the exchange rate existing at reporting date.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

3. OPERATING PROFIT

Operating profit/(loss) is stated after charging/(crediting) the following

	2011 £	2010 £
Cost of inventories recognised as an expense	<u>75,061</u>	<u>73,915</u>
Loss on disposal of property, plant and equipment	<u>-</u>	<u>2,687</u>
Depreciation of property, plant and equipment	<u>107,092</u>	<u>117,380</u>
Net foreign currency differences	<u>19,218</u>	<u>6,574</u>
Operating leases		
Present value of minimum lease payments	<u>448,362</u>	<u>454,500</u>
Auditor's remuneration - audit services	<u>12,634</u>	<u>18,253</u>
	<u>12,634</u>	<u>18,253</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

3. OPERATING PROFIT (continued)

	2011 £	2010 £
Included in cost of sales:		
Raw materials and consumables used	317,628	315,113
Changes in inventories	(1,404)	17,693
Employee benefits expense	1,117,312	1,223,515
	<u>1,433,536</u>	<u>1,556,321</u>
Included in administrative expenses:		
Employee benefits expense	885,222	996,509
Depreciation and amortisation	107,092	117,380
Net foreign currency exchange	19,218	6,574
	<u>1,011,532</u>	<u>1,120,463</u>

4. EMPLOYEE EXPENSES

	2011 £	2010 £
Wages and salaries	1,693,087	1,853,583
Post employment expense for defined contribution plans	131,297	166,085
Social security costs	178,150	200,356
	<u>2,002,534</u>	<u>2,220,024</u>

The average monthly number of employees during the year was made up as follows

	2011 No.	2010 No
Administration	8	9
Sales and marketing	10	10
Other category one	28	30
	<u>46</u>	<u>49</u>

5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Remuneration	-	138,954
Contributions to money purchase pension schemes	-	11,122

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

5. DIRECTORS' REMUNERATION (continued)

During the year the following number of directors

	2011 No.	2010 No
Accrued benefits under money purchase pension schemes	-	1

6. INCOME TAX

Components of income tax expense

	2011 £	2010 £
Current income tax expense		
Current income tax charge	-	2,205
Carried back losses	(15,908)	-
Current income tax expense	(15,908)	2,205
Deferred income tax expense		
Relating to origination and reversal of temporary differences	(10,665)	(39,041)
Income tax expense reported in income statement	(26,573)	(36,836)

Reconciliation of income tax charge to accounting profit

	% age	2011 £	% age	2010 £
Tax effect from under or over provisions in prior periods	-	-	28	2,205
Tax effect of carried back losses	28	(15,908)	-	-
Tax expense using effective rate		(15,908)		2,205

7. PROPERTY, PLANT AND EQUIPMENT

At 30 June 2011

	Short leasehold property £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 July 2010	37,020	1,093,633	205	156,396	1,287,254
Additions	-	30,683	-	572	31,255
Disposals	-	-	(205)	-	(205)
At 30 June 2011	37,020	1,124,316	-	156,968	1,318,304

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Short leasehold property £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Depreciation					
At 1 July 2010	(15,049)	(855,725)	(205)	(111,634)	(982,613)
Disposals	-	-	205	-	205
Charge for year	(7,525)	(77,498)	-	(22,069)	(107,092)
At 30 June 2011	<u>(22,574)</u>	<u>(933,223)</u>	<u>-</u>	<u>(133,703)</u>	<u>(1,089,500)</u>
Net book value					
At 1 July 2010	<u>21,971</u>	<u>237,908</u>	<u>-</u>	<u>44,762</u>	<u>304,641</u>
At 30 June 2011	<u>14,446</u>	<u>191,093</u>	<u>-</u>	<u>23,265</u>	<u>228,804</u>
At 30 June 2010					
	Short leasehold property £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 July 2009	68,704	926,417	89,076	156,204	1,240,401
Additions	-	167,216	-	191	167,407
Disposals	(31,685)	-	(88,870)	-	(120,555)
At 30 June 2010	<u>37,019</u>	<u>1,093,633</u>	<u>206</u>	<u>156,395</u>	<u>1,287,253</u>
Depreciation					
At 1 July 2009	(37,950)	(772,805)	(83,998)	(88,348)	(983,101)
Disposals	30,950	-	86,918	-	117,868
Charge for year	(8,050)	(82,919)	(3,124)	(23,287)	(117,380)
At 30 June 2010	<u>(15,050)</u>	<u>(855,724)</u>	<u>(204)</u>	<u>(111,635)</u>	<u>(982,613)</u>
Net book value					
At 1 July 2009	<u>30,754</u>	<u>153,612</u>	<u>5,078</u>	<u>67,856</u>	<u>257,300</u>
At 30 June 2010	<u>21,969</u>	<u>237,909</u>	<u>2</u>	<u>44,760</u>	<u>304,640</u>

8. DEFERRED TAX

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2011 £	2010 £	2011 £	2010 £
Deferred tax liabilities				
Relating to timing differences	<u>-</u>	<u>(9,067)</u>	<u>(9,067)</u>	<u>(15,031)</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

8. DEFERRED TAX (continued)

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2011	2010	2011	2010
	£	£	£	£
Deferred tax assets				
Relating to timing difference	<u>25,608</u>	<u>24,010</u>	(1,598)	(24,010)
Deferred Tax charge			<u>(10,665)</u>	<u>(39,041)</u>
Net Deferred Tax	<u>25,608</u>	<u>14,943</u>		

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The company trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

The company has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Capital management

The company and the board policy is to maintain a strong capital base so as to maintain creditor and market confidence. Capital is defined as total business equity. The company has given responsibility of capital management to the board who have formulated capital management tools to service this requirement. Management of the capital structure is achieved by monitoring budgets and forecasts and actual cash flows.

	2011	2010
	£	£
Issued share capital	1,700	1,700
Reserves	300	300
Retained profit	<u>525,307</u>	<u>206,022</u>
Total Equity	<u>527,307</u>	<u>208,022</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

10 FINANCIAL INSTRUMENTS

	<i>Carrying amount</i>			<i>Fair value</i>
	2011	2010	2011	2010
	£	£	£	£
Financial assets				
Cash and cash equivalents	1,119,363	192,667	1,119,363	192,667
Trade and other receivables	493,027	734,990	493,027	734,990
Financial liabilities				
Trade and other payables	(1,290,728)	(869,762)	(1,290,728)	(869,762)

11. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The immediate and ultimate parent undertaking is Wellcom Group Limited, a company incorporated in Australia. Copies of the consolidated financial statements can be obtained from their website (www.wellcom.com.au)

Payable to related parties

	2011	2010
	£	£
Amounts due to parent undertaking (Current)	629,426	146,550
Amounts due to parent undertaking (Non Current)	560,000	560,000
	1,189,426	706,550

During the year the Wellcom London Limited was recharged travel, internet and other costs directly attributable to the company from the parent undertaking of £133,595 (2010 £154,040). During the year the Wellcom London Limited was charged a management fee from the parent undertaking of £144,000 (2010 £128,704). During the year Wellcom London Limited made payments to the parent undertaking, excluding dividends, of £393,221 (2010 £148,831). During the year the Wellcom London Limited received payments from the parent undertaking, excluding dividends, of £598,502 (2010 £310,000). The Directors consider that all transactions were arms length. As at the year end the amount due to the parent undertaking was £1,189,426 (2010 £706,550).

Key management compensation

	2011	2010
	£	£
Wages and salaries	-	127,832
Post employment benefits Defined contribution	-	11,122
	-	138,954

12. INVENTORIES

	2011	2010
	£	£
Inventories (At cost)	42,521	54,240

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

13. TRADE AND OTHER RECEIVABLES

	2011	2010
	£	£
Receivable from trade customers	477,970	720,483
Other receivables	15,057	14,507
	<u>493,027</u>	<u>734,990</u>

Amounts receivable from trade customers are non-interest bearing and are generally on 30-60 day terms

Movements in the provision for impairment of trade and other receivables were as follows

	2011	2010
	£	£
At 1 July 2010	32,382	38,122
Provision for doubtful debts	(7,970)	(5,740)
At 30 June 2011	<u>24,412</u>	<u>32,382</u>
Current	<u>24,412</u>	<u>32,382</u>

14. CASH AND CASH EQUIVALENTS

	2011	2010
	£	£
Cash on hand	776	905
Cash at bank	1,118,587	191,762
	<u>1,119,363</u>	<u>192,667</u>

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June 2011

	2011	2010
	£	£
Cash on hand	776	905
Cash at bank	1,118,587	191,762
	<u>1,119,363</u>	<u>192,667</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

15. SHARE CAPITAL

Authorised share capital

	No.	2011 £	No	2010 £
Ordinary share capital class 1	2,000	<u>2,000</u>	2,000	<u>2,000</u>

Issued share capital

	No.	2011 £	No	2010 £
Issued and fully paid				
Ordinary share capital class 1	1,700	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>

All issued share capital is classified as equity

16. RESERVES

	Capital redemption reserve
	£
At 1 July 2011	<u>300</u>
	Capital redemption reserve
	£
At 1 July 2010	<u>300</u>

17. TRADE AND OTHER PAYABLES

	2011 £	2010 £
Non current		
Payable to related parties	<u>560,000</u>	<u>560,000</u>
Current		
Payable to trade suppliers	101,302	163,212
Accrued liabilities	250,488	211,691
Tax payable	194,595	165,322
Payable to related parties	<u>629,426</u>	<u>146,550</u>
	<u>1,175,811</u>	<u>686,775</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

18. PROVISIONS

	<i>Dilapidations</i>		<i>Other</i>	
	2011	2010	2011	2010
	£	£	£	£
At 1 July	111,211	126,000	14,177	21,779
Decrease to existing provision	(111,211)	(14,789)	(947)	(7,602)
At 30 June	-	111,211	13,230	14,177
Current	-	111,211	13,230	14,177

Dilapidations provision

In May 2008 the company vacated premises on Dallington Street. A dilapidations provision was made for the year ended June 2008. The matter was settled with the Landlord for the year ended June 2011 for a sum of £22,500, plus fees of £17,285. The balance of the provision has been released for year June 2011.

Other provision

The annual leave provision of £13,230 is calculated on the basis of the employees' remuneration including benefits and pension that have accrued in regards to holidays accrued but not taken, and therefore unpaid, as at 30 June 2011.

19. FINANCE LEASE COMMITMENTS

As lessee

Commitments for minimum hire purchase payments in relation to non-cancellable hire purchase agreements are payable as follows:

	2011	2010
	£	£
Less than one year	-	23,056

The company finances various plant and equipment under lease or hire purchase expiring within one to five years. Under the terms of the leases or hire purchase agreements the company has the option to acquire the assets at the expiry of the leases. The finance is predominately for production IT equipment.

20. OPERATING LEASE COMMITMENTS

As lessee

	2011	2010
	£	£
Less than one year	448,364	448,364
Later than one year but less than five years	1,793,456	1,793,456
Later than five years	822,044	1,354,086
	<u>3,063,864</u>	<u>3,595,906</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

21. EVENTS AFTER THE REPORTING PERIOD

On the 1 July 2011 the company acquired the business assets of Mission Possible (Create) Limited. The acquisition will materially affect the future results and operations of the company. The acquisition was funded by company cash reserves and an increase in the short term loan from Wellcom Group Limited. The impact of the acquisition has been assessed and included in the 2011/2012 company budget submitted to Wellcom Group Limited on 11 July 2011.