

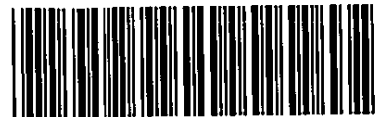
Registration number 03431339

M2M Limited

Director's report and financial statements

for the year ended 31 December 2012

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M2M Limited

Company information

Director	G V Mitchell
Secretary	J M Mitchell
Company number	03431339
Registered office	15-19 Cavendish Place London W1G 0DD
Auditors	Bowker Orford 15-19 Cavendish Place London W1G 0DD

M2M Limited

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M2M Limited

Director's report for the year ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012

Principal activity and review of the business

The principal activity of the company is that of a distributor of computer and IT related components into the computer manufacturing and IT channel to resellers e-tail and retail outlets for both specialist and standard memory as well as storage and server products

The company is a distributor for Samsung Semiconductors, Samsung Electronics, Micron CPC (Lexar-Crucial-Ballistix brands), SK Hynix, A-Data and G-Skill products. In July 2012 the company was also appointed official Seagate Technology International authorised distributor for internal and external hard disk drives

After sharp price erosion in memory products during 2011 we saw a level of price stability in dram memory and server products in 2012. We saw price stability and increased demand in storage products on internal and external hard disk drives supported by Seagate Technology International specifically on the Samsung branded products that Seagate acquired in the takeover of the Samsung storage business in the fourth quarter of 2011. We also saw price stability in optical storage products and record sales in both internal (for our key system integrators) and retail products

Overall our business turnover increased by 30% to £20.33m which considering the decrease in the price of memory components during 2011 was a major achievement. As planned we started to significantly shift our business into storage and optical products as well as new technologies such as solid state drives, so we now have a business split of 50% memory and 50% storage products

Gross margin increased by 2% to 6% and overall the gross margin contribution increased by some 64% on 2011 to £1,142,698 with net profit increasing by 78% year on year

During the year we upgraded and invested in a new logistic centre (outsourced) with continued investment in Software and IT Systems focusing on continuing growth in both our customer base and also to work more in depth with our strategic customers by going onto EDI (Electronic Data Interchange) with a number of large accounts for our order book, stock and account management

We introduced a focused strategic account management function specifically for our top 100 accounts. We recruited a new business development director and sales team focused on business development in new accounts and in designing products into emerging applications in system integrators and new sales channels. In both customer bases we have strategically deployed JIT (Just In Time) shipments which has allowed the company to gain increasing margins for value added services. This has paid dividends with record sales in the third and fourth quarters of 2012

We predict this trend to continue and margins to increase as we have seen memory prices and margins starting to stabilize in the fourth quarter of 2012. With price increases predicted in memory products in 2013, due to manufacturers cutting back production and realigning output with the new emerging flash based consumer memory applications we forecast both memory prices and margins to increase in the first half of 2013

In terms of products we continued to enhance our product mix to include volume sales on both hard disk optical drives and launched into the growth area of solid state drives. We are pleased to announce that the company was selected as the Samsung Electronics Distributor for solid state drives in the B-2-B (Business To Business) sector

We will continue to focus on the design and support of new technologies, such as solid state drives, storage, servers and memory products in the fastest growing corporate sector, supporting the key blue chip corporate consumers and retailers which will be a key programme for 2013

M2M Limited

Director's report for the year ended 31 December 2012

continued

The net assets at £1,658,118 have increased by £244,643. This is largely as a result of the continuous efficient monitoring by the director of the company's current assets and liabilities, and predict this will continue to increase during 2013 by 35% due to continued profitability.

Results and dividends

The results for the year are set out on page 6.

Financial risk management objectives and policies

In common with many other commercial entities, there are potential financial risks and uncertainties related to current economy downturn. The director is aware of these risks and uncertainties and monitors these regularly by carrying out, in particular:

- 1 Pricing and product mix reviews regularly
- 2 Reviewing and updating cash flow and profit forecasts constantly
- 3 Reviewing the credit rating of the potential customers

Director

The director who served during the year is as stated below:

G V Mitchell

Charitable Donations

During the year the company contributed £3,900 to charities.

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing his report) of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

M2M Limited

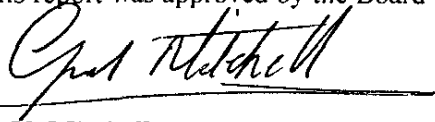
**Director's report
for the year ended 31 December 2012**

continued

Auditor

Bowker Orford is deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on *14 June 2013* and signed on its behalf by

A handwritten signature in black ink, appearing to read 'G. V. Mitchell', is written over a horizontal line.

**G. V. Mitchell
Director**

Independent auditor's report to the shareholders of M2M Limited

We have audited the financial statements of M2M Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 1 - 3, the director is 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's 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.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

**Independent auditor's report to the shareholders of
M2M Limited**

continued



**Narendrakumar Mistry FCA (senior statutory auditor)
For and on behalf of Bowker Orford
Accountants, Business Advisers and
Statutory Auditors**

Date..... *14 June 2013*

**15-19 Cavendish Place
London
W1G 0DD**

M2M Limited

**Profit and loss account
for the year ended 31 December 2012**

		2012	2011
	Notes	£	£
Turnover	2	20,332,076	15,635,266
Cost of sales		(19,189,378)	(14,937,621)
Gross profit		<u>1,142,698</u>	<u>697,645</u>
Administrative expenses		(780,635)	(650,052)
Other operating income		-	145,000
Operating profit	3	<u>362,063</u>	<u>192,593</u>
Other interest receivable and similar income	5	631	5,672
Interest payable and similar charges		(12,697)	(1,844)
Profit on ordinary activities before taxation		<u>349,997</u>	<u>196,421</u>
Tax on profit on ordinary activities	8	(72,954)	(40,997)
Profit for the year		<u>277,043</u>	<u>155,424</u>
Retained profit brought forward		1,377,975	1,258,151
Reserve Movements		(32,400)	(35,600)
Retained profit carried forward		<u><u>1,622,618</u></u>	<u><u>1,377,975</u></u>

The notes on pages 9 to 16 form an integral part of these financial statements.

M2M Limited

**Balance sheet
as at 31 December 2012**

		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		108,694		93,431
Current assets					
Stocks	11	1,837,666		644,603	
Debtors	12	3,829,479		1,768,772	
Cash at bank and in hand		355,995		427,118	
		<u>6,023,140</u>		<u>2,840,493</u>	
Creditors: amounts falling due within one year	13	<u>(4,461,111)</u>		<u>(1,508,860)</u>	
Net current assets			<u>1,562,029</u>		<u>1,331,633</u>
Total assets less current liabilities			1,670,723		1,425,064
Provisions for liabilities	14		<u>(12,605)</u>		<u>(11,589)</u>
Net assets			<u>1,658,118</u>		<u>1,413,475</u>
Capital and reserves					
Called up share capital	16		35,500		35,500
Profit and loss account			<u>1,622,618</u>		<u>1,377,975</u>
Shareholders' funds			<u>1,658,118</u>		<u>1,413,475</u>

The financial statements were approved by the Board on *14 June 2013* and signed on its behalf by



G. V. Mitchell
Director

Registration number 03431339

The notes on pages 9 to 16 form an integral part of these financial statements.

M2M Limited

**Cash flow statement
for the year ended 31 December 2012**

	2012		2011	
	£	£	£	£
Operating profit	362,063		192,593	
Reconciliation to cash generated from operations				
Depreciation	36,105		49,378	
(Increase) in stocks	(1,193,063)		(56,367)	
(Increase) in trade debtors	(2,142,569)		418,368	
Decrease in other debtors	81,862		(140,753)	
Increase in trade creditors	2,256,016		(407,233)	
Increase in other creditors	669,832		(97,672)	
		70,246		(41,686)
Cash from other sources				
Interest received	631		5,672	
		631		5,672
Application of cash				
Interest paid	(12,697)		(1,844)	
Tax paid	(39,220)		(69,054)	
Dividends paid	(32,400)		(35,600)	
Purchase of tangible fixed assets	(51,368)		(49,388)	
		(135,685)		(155,886)
Net decrease in cash in the year		(64,808)		(191,900)
Cash at bank and in hand less overdrafts at beginning of year		420,803		612,703
Cash at bank and in hand less overdrafts at end of year		355,995		420,803
Consisting of				
Cash at bank and in hand		355,995		427,118
Overdrafts		-		(6,315)
		355,995		420,803

M2M Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The company has consistently applied all relevant accounting standards

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax and trade discounts. Turnover is recognised when the goods are physically delivered to the customer

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant and machinery	-	25% Straight Line
Fixtures, fittings and equipment	-	33% Straight Line

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5. Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value represents estimated selling price less costs to complete and sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than cost

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

1.7. 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

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

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

	2012	2011
Geographical market		
UK	16,229,126	10,523,351
Europe	1,414,830	282,397
Rest of the World	2,688,120	4,829,518
	<u>20,332,076</u>	<u>15,635,266</u>

3. Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	36,105	49,378
Auditors' remuneration (Note 4)	17,805	9,140
Net foreign exchange (loss)/gain	<u>(30,946)</u>	<u>16,833</u>

4. Auditors' remuneration

	2012 £	2011 £
Auditors' remuneration - audit of the financial statements	<u>13,880</u>	<u>6,680</u>
Auditors' remuneration - other fees		
- accountancy fees	1,750	1,110
- taxation services	550	550
- consultancy	1,625	800
	<u>3,925</u>	<u>2,460</u>

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

5. Interest receivable and similar income	2012	2011
	£	£
Bank interest	631	4,425
Other interest	-	1,247
	<u>631</u>	<u>5,672</u>
6. Employees		
Number of employees	2012	2011
The average monthly numbers of employees (including the director) during the year were	<u>10</u>	<u>9</u>
Employment costs	2012	2011
	£	£
Wages and salaries	242,529	184,260
Social security costs	23,395	24,049
Pension costs-other operating charge	-	50,000
	<u>265,924</u>	<u>258,309</u>
6.1. Director's remuneration	2012	2011
	£	£
Remuneration and other emoluments	49,647	49,500
Pension contributions	-	50,000
	<u>49,647</u>	<u>99,500</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>-</u>	<u>1</u>

7. Pension costs

The company operates a defined contribution pension scheme in respect of the director. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £- (2011 - £50,000).

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2012 £	2011 £
Current tax		
UK corporation tax	71,938	39,220
Total current tax charge	<u>71,938</u>	<u>39,220</u>
Deferred tax		
Timing differences, origination and reversal	1,016	1,777
Total deferred tax	<u>1,016</u>	<u>1,777</u>
Tax on profit on ordinary activities	<u>72,954</u>	<u>40,997</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (24.50 per cent). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>349,997</u>	<u>196,421</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.50% (31 December 2011: 20.25%)	85,749	39,775
Effects of:		
Expenses not deductible for tax purposes	411	1,250
Capital allowances for period in excess of depreciation	(1,255)	(1,805)
Marginal relief	(12,967)	-
Current tax charge for period	<u>71,938</u>	<u>39,220</u>

9. Dividends

Dividends paid and proposed on equity shares

	2012 £	2011 £
Paid during the year		
Equity dividends on Ordinary shares	32,400	35,600
	<u>32,400</u>	<u>35,600</u>

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

10. Tangible fixed assets	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2012	56,574	336,044	392,618
Additions	2,644	48,724	51,368
At 31 December 2012	<u>59,218</u>	<u>384,768</u>	<u>443,986</u>
Depreciation			
At 1 January 2012	56,036	243,151	299,187
Charge for the year	1,050	35,055	36,105
At 31 December 2012	<u>57,086</u>	<u>278,206</u>	<u>335,292</u>
Net book values			
At 31 December 2012	<u>2,132</u>	<u>106,562</u>	<u>108,694</u>
At 31 December 2011	<u>538</u>	<u>92,893</u>	<u>93,431</u>

11. Stocks	2012 £	2011 £
Raw materials and consumables	<u>1,837,666</u>	<u>644,603</u>

12. Debtors	2012 £	2011 £
Trade debtors	3,714,383	1,571,814
Other debtors	99,228	174,348
Prepayments and accrued income	15,868	22,610
	<u>3,829,479</u>	<u>1,768,772</u>

M2M Limited

Notes to the financial statements for the year ended 31 December 2012

continued

13. Creditors' amounts falling due within one year	2012 £	2011 £
Bank overdraft	-	6,315
Trade creditors	3,328,676	1,072,660
Corporation tax	71,938	39,220
Other taxes and social security costs	9,113	225,931
Director's accounts	9,435	4,719
Other creditors	1,026,012	130,164
Accruals and deferred income	15,937	29,851
	<u>4,461,111</u>	<u>1,508,860</u>

The Royal Bank of Scotland Commercial Services Ltd has an all assets debenture securing all monies due or to become due from M2M Limited. It also holds a fixed charge over purchased debts and a floating charge on banked proceeds of other debts.

M2M Limited has entered into a non-recourse agreement with The Royal Bank of Scotland Commercial Services Limited. It is not obliged to support any losses, nor intend to do so.

14. Provisions for liabilities

	Deferred taxation (Note 15) £	Total £
At 1 January 2012	11,589	11,589
Movements in the year	1,016	1,016
At 31 December 2012	<u>12,605</u>	<u>12,605</u>

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

15. Provision for deferred taxation	2012	2011
	£	£
Accelerated capital allowances	12,605	11,589
Provision for deferred tax	12,605	11,589
Provision at 1 January 2012	11,589	
Deferred tax charge in profit and loss account	1,016	
Provision at 31 December 2012	12,605	
16. Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
35,500 Ordinary shares of 1 each	35,500	35,500
17. Financial commitments		
At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows		
	2012	2011
	£	£
Expiry date:		
In over five years	15,450	15,450
The leasing commitment represents the business premises, Unit 27 The Metro Business Centre, Kangley Bridge Road, London, SE26 5BW		
18. Related party transactions		
The company paid dividends of £32,400 (2011 £35,600) to Mr G V Mitchell and Mrs J M Mitchell in their capacity as shareholders		
The company also paid rent of £15,450 (2011 £15,450) and made a pension contribution of £Nil (2011 £50,000) to the director's self invested personal pension scheme		

M2M Limited

**Notes to the financial statements
for the year ended 31 December 2012**

continued

19. Controlling interest

The company is controlled by Mr G V Mitchell and Mrs J M Mitchell