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**HOME HARDWARE
SOUTHWEST LIMITED**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE 2012**

**REGISTRATION NUMBER
00716921**

HOME HARDWARE SOUTHWEST LIMITED

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HOME HARDWARE SOUTHWEST LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at the Best Western Tiverton Hotel, Blundells Road, Tiverton, Devon, EX16 4DB on 22nd November 2012 at 11 00 a m for the following purposes -

- 1 To receive and adopt the directors' report and financial statements for the year ended 30th June 2012
- 2 To consider the payment of a dividend on the Ordinary B Shares The Directors recommend a dividend of 8% should be paid for the year ended 30th June 2012
- 3 To re-elect D C Adams as a director
- 4 To re-elect I Follett as a director
- 5 To appoint Thomas Westcott, Chartered Accountants and Registered Auditors as auditors and to authorise the directors to fix their remuneration

Registered office
Southwest House
Upcott Avenue
Pottington Business Park
Barnstaple
Devon
EX31 1NZ

By order of the board

S L Davey
Company Secretary

Notes:

- a A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf A proxy need not be a member of the company
- b A form of proxy is enclosed with this notice for your use in respect of the business set out above To be effective, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or an office copy of such power of authority) must be lodged at the company's registered office at least forty-eight hours before the time appointed for the meeting

HOME HARDWARE SOUTHWEST LIMITED

CHAIRMAN'S REPORT

I have great pleasure in presenting my first Annual Report and the Home Hardware Group Results for the period ending June 30th 2012

As you know this is my first year as chairman having succeeded John Fewings in November last year. John, officially retired as chairman after 40 years at Home Hardware at the Annual General Meeting as part of the 50th anniversary convention at Woolacome. I would like to thank John for not only having his faith in me to continue his work but also for his hard work and dedication to the company.

He left after he made sure the company was in a strong position having completed the successful opening and running of our Bedford distribution centre and to copy one of Martin's phrases 'all the ducks were swimming in the same direction'.

We all wish John & Eileen a happy retirement.

In this uncertain economic climate I am sure there will be many challenges in the future but I am confident that the team we have will overcome them.

Trading Results

The financial results are better than those achieved in the previous year which was particularly pleasing given the difficult retail trading conditions throughout the year.

Modest sales increases were achieved in wholesale sales as sales to new and developing accounts remain encouraging.

Membership

Our membership continues to increase as does our geographical coverage. Retailers in Northern Ireland are now benefiting from the services we provide. Total Retail membership now stands at over 425.

Corporate Marketing

Another successful corporate members meeting was held at East Grinstead in April 2012. In particular, I enjoyed the members' visits to Coulsdon Home Hardware, Coulsdon and our current Retailer of the Year Bishops Home Hardware of Forrest Row. Thanks to Alan and Lyn Harris and Clare and Edward Bourne for their hospitality.

We have added 5 new corporate members this year and together with a number of other Corporate members updating their signage and re-launching the Corporate programme continues to develop.

Industry Awards

The Industry Awards were held for the first time in Manchester on November 24th 2012. We again sponsored the Hardware Award, and were delighted to welcome our guests, and present the Gold Hardware Best Product award to the Hunter Plastics Adjustable Offset.

And finally my very grateful thanks to Martin Elliott our Chief Executive Officer and Sean Davey our Financial Director and Company Secretary for their help and guidance in my first year as chairman. I would also like to thank our Home Hardware Board of Directors for their ongoing support to me and Home Hardware.

Also, all the Home Hardware staff at Barnstaple & Bedford. Their dedication and hard work has greatly contributed to the successful year. My thanks to the team at Malletts Home Hardware, in these difficult trading times in retail I appreciate their work over the last year.

I would also like to thank our friends and colleagues at Toolbank with our joint venture Home Hardware Distribution. It is pleasing to see how two companies can work so well together to their mutual advantage.

And last, but not least, my thanks to the members of Home Hardware for your continued support in our dealer owned wholesale company. Thank you.

D C Adams
Chairman

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

COMPANY INFORMATION

Directors	Mr D C Adams Mr J R Fewings Mr M B Elliott Mr S L Davey Mr N G Pedlar Mr C M Blanchard Mr I Follett Mr R W Watson Mrs A M Serret Mr D Wagg	Chairman (resigned 31 December 2011) Chief executive officer Finance director (appointed 18 November 2011)
Secretary	Mr S L Davey	
Company number	00716921	
Registered office	Upcott Avenue Pottington Business Park Barnstaple Devon EX31 1NZ	
Auditors	Thomas Westcott 47 Boutport Street Barnstaple Devon EX31 1SQ	
Business address	Upcott Avenue Pottington Business Park Barnstaple Devon EX31 1NZ	
Bankers	National Westminster Bank plc 41 High Street Barnstaple Devon EX31 1DA	
Solicitors	Ashfords Ashford House Grenadier Road Exeter EX1 3LH	

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activity and review of the business

The principal activities of the group are the provision of an extensive range of wholesale services to independent hardware retailers as a dealer owned organisation, and the distribution of housewares, hardware and horticultural goods

The Retail trading environment and general economic climate meant that sales performance for Home Hardware Distribution was subdued for much of the year. The ongoing maintenance of gross margins and operating cost control meant that the net result was however better than in 2011.

Stronger Direct sales performance in the year together with ongoing Head Office cost control produced a net result for Home Hardware Southwest Limited which was also higher than in 2011.

Mallett and Son Limited experienced a further 2% average decrease in customer transactions (2011 - 2%) which was offset by an increase in the average customer spend of 2.8% due to changes in the departmental sales mix. Trading was particularly challenging during the important Christmas trading period. A reduced net result, in line with our projection, was therefore achieved for the year. The directors however consider that in light of the difficult trading conditions during the year and the significant contribution made by Malletts Home Hardware to the group activities and profitability this result to be satisfactory.

Results and dividends

The group profit for the year, after taxation, amounted to £174,863. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

Financial risk management objectives and policies

The Directors consider the principal risks of the business and the necessary steps to mitigate them as follows

1 Information Technology

The company's trade and in particular sales and purchase ledger processing is heavily dependent upon its computer systems. These systems are supported by a combination of in house staff familiar with operational issues and external IT specialists under formal support contracts. This is supported by off site data backup routines which would enable systems to be up and running within an acceptable time scale if required.

Mallett & Son Ltd's Electronic Point of Sale system makes it heavily dependent upon its computer systems. These systems are supported by a combination of in-house staff familiar with the operational issues and external IT specialists under formal support contracts. This is supported by off site data backup routines which would enable systems to be up and running within an acceptable time scale if required.

2 Credit Risk

The group has ongoing formal systems to manage its exposure to credit risk from members. Amounts not received within normal trading terms are carefully monitored by the relevant staff and officers and are regularly reviewed in detail by the board of directors. In preparing the accounts full provision is made for debts considered irrecoverable.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

continued

Directors and their interests

The directors who served during the year and their respective interests in the company are stated below

		Class of share	30/06/12	01/07/11 or date of appointment
Mr D C Adams	Chairman	Ordinary "A" shares	1,500	1,500
		Ordinary "B" shares	9,555	9,555
Mr J R Fewings	(resigned 31 December 2011)	Ordinary "A" shares	-	2,250
		Ordinary "B" shares	-	76,119
Mr M B Elliott	Chief executive officer	Ordinary "A" shares	1,500	1,500
		Ordinary "B" shares	9,060	9,060
Mr S L Davey	Finance director	Ordinary "A" shares	-	-
		Ordinary "A" shares	1,500	1,500
Mr N G Pedlar		Ordinary "B" shares	50,748	50,748
		Ordinary "A" shares	1,500	1,500
Mr C M Blanchard		Ordinary "B" shares	19,005	19,005
		Ordinary "A" shares	1,500	1,500
Mr I Follett		Ordinary "A" shares	1,500	1,500
Mr R W Watson		Ordinary "A" shares	1,500	1,500
Mrs A M Serret		Ordinary "A" shares	1,500	1,500
		Ordinary "B" shares	29,115	29,115
Mr D Wagg	(appointed 18 November 2011)	Ordinary "A" shares	1,500	1,500

Remuneration policy for Executive Directors

There is a duly appointed sub-committee of the non executive members of the Board, which is responsible for the policy on executive directors pay and remuneration. It recommends the actual levels of all elements of the remuneration of all Executive Directors of the Company to the full Board for approval.

The committee aims to ensure that the executive directors are rewarded for their contribution to Home Hardware and are motivated to enhance service to members and returns to shareholders. The executive remuneration is formally reviewed periodically taking into account factors such as market conditions, affordability, the level of increases awarded to staff generally and the individual's contribution.

The Committee intends that the remuneration, both in terms of base salary and total remuneration should be competitive by reference to the individual experience and qualifications of the executive concerned, the role fulfilled, internal relativities and the market in which the company competes. This is designed to encourage business success through the retention and motivation of the executives.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

continued

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are 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 directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Thomas Westcott are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 21 September 2012 and signed on its behalf by



Mr S L Davey
Company Secretary

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

**Independent auditors' report to the members of
Home Hardware Southwest Limited**

We have audited the financial statements of Home Hardware Southwest Limited for the year ended 30 June 2012 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group note of historical cost profits and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and (United Kingdom Generally Accepted Accounting)

This report is made solely to the group'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 group'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 group and the group'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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 group's and the parent 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 and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 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.

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.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

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



Stephen Cresswell BA FCA DChA (Senior Statutory Auditor)
For and on behalf of Thomas Westcott
Chartered Accountants and Registered Auditors
47 Boutport Street
Barnstaple
Devon
EX31 1SQ

21 September 2012

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012

		Continuing operations	
		2012	2011
	Notes	£	£
Turnover	2	25,892,715	25,463,873
Cost of sales		(20,768,165)	(20,385,799)
Gross profit		5,124,550	5,078,074
Distribution costs		(1,684,053)	(1,670,868)
Administrative expenses		(3,418,171)	(3,400,518)
Other operating income		356,312	337,291
Operating profit	3	378,638	343,979
Investment income	5	6,588	-
Interest receivable and similar income	6	50,870	25,711
Interest payable and similar charges	7		
- Other interest payable		(79,890)	(89,276)
- "B" dividend classed as finance charge		(35,601)	(35,601)
Profit on ordinary activities before taxation		320,605	244,813
Tax on profit on ordinary activities	10	(88,445)	(57,518)
Profit for the year		232,160	187,295
Minority interests - Equity		(57,297)	(37,817)
Profit for the group		174,863	149,478
Retained profit brought forward	24	344,899	247,590
Reserve movements		(52,169)	(52,169)
Retained profit carried forward		467,593	344,899

There are no recognised gains or losses other than the profit or loss for the above two financial years

None of the group's activities was acquired or discontinued during the above two financial years

The company has taken advantage of the exemptions conferred in s408 of The Companies Act 2006, regarding the preparation of the Parent company profit and loss account

The notes on pages 11 to 34 form an integral part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012

Note of historical cost profits and losses

Profit on ordinary activities before taxation	320,605	244,813
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>1,322</u>	<u>1,322</u>
Historical cost profit on ordinary activities before taxation	<u>321,927</u>	<u>246,135</u>
Historic cost profit for the year retained after taxation and minority interests and dividends	<u>176,185</u>	<u>150,800</u>

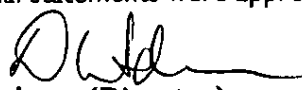
The notes on pages 11 to 34 form an integral part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

GROUP BALANCE SHEET
AS AT 30 JUNE 2012

		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		70,179		79,535
Tangible assets	14		1,298,541		1,365,642
Investments	15		12,250		19,740
			<u>1,380,970</u>		<u>1,464,917</u>
Current assets					
Stocks	16	4,050,728		4,166,602	
Debtors	17	3,287,263		3,357,667	
Cash at bank and in hand		10,126		50,760	
		<u>7,348,117</u>		<u>7,575,029</u>	
Creditors: amounts falling due within one year	18	(4,609,858)		(5,008,529)	
Net current liabilities			<u>2,738,259</u>		<u>2,566,500</u>
Total assets less current liabilities			<u>4,119,229</u>		<u>4,031,417</u>
Creditors: amounts falling due after more than one year					
- Other loans		(1,415,259)		(1,552,456)	
- "B" shares classed as financial liabilities		(445,761)		(445,761)	
	19		(1,861,020)		(1,998,217)
Provisions for liabilities and Charges					
Deferred taxation	21		(60,525)		(67,676)
Minority interest	22		(452,603)		(395,306)
Net assets			<u>1,745,081</u>		<u>1,570,218</u>
Capital and reserves					
Called up share capital	23		284,850		284,850
Revaluation reserve	24		145,466		146,788
Other reserves	24		14,115		14,115
"B" reserve	24		833,057		779,566
Profit and loss account	24		467,593		344,899
Equity shareholders' funds	25		<u>1,745,081</u>		<u>1,570,218</u>

The financial statements were approved by the Board on 21 September 2012 and signed on its behalf by


Mr D C Adams (Director)


Mr M B Elliott (Director)

The notes on pages 11 to 34 form an integral part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

COMPANY BALANCE SHEET
AS AT 30 JUNE 2012

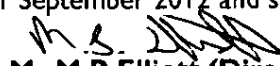
		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		70,179		79,535
Tangible assets	14		870,081		885,016
Investments	15		1,170,544		1,182,034
			<u>2,110,804</u>		<u>2,146,585</u>
Current assets					
Stocks	16	7,097		8,475	
Debtors	17	3,936,328		4,190,584	
Cash at bank and in hand		231		71	
		<u>3,943,656</u>		<u>4,199,130</u>	
Creditors: amounts falling due within one year	18	(3,153,136)		(3,461,106)	
Net current assets			<u>790,520</u>		<u>738,024</u>
Total assets less current liabilities			<u>2,901,324</u>		<u>2,884,609</u>
Creditors: amounts falling due after more than one year					
- Other loans		(889,440)		(1,006,107)	
- "B" shares classed as financial liabilities		(445,761)		(445,761)	
	19		<u>(1,335,201)</u>		<u>(1,451,868)</u>
Provisions for liabilities and charges					
Deferred taxation	20		(5,361)		(6,490)
Net assets			<u>1,560,762</u>		<u>1,426,251</u>
Capital and reserves					
Called up share capital	23		284,850		284,850
Revaluation reserve	24		145,466		146,788
Other reserves	24		14,115		14,115
"B" reserve	24		833,057		779,566
Profit and loss account	24		283,274		200,932
Equity shareholders' funds	25		<u>1,560,762</u>		<u>1,426,251</u>

The financial statements were approved by the Board on 21 September 2012 and signed on its behalf by

Mr D C Adams (Director)



Mr M B Elliott (Director)



The notes on pages 11 to 34 form an integral part of these financial statements.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			
Operating profit		378,638	343,979
Depreciation		130,953	132,777
Decrease in stocks		115,874	(603,886)
Decrease in debtors		70,404	(445,252)
(Decrease) in creditors		(432,950)	521,547
Net cash inflow/(outflow) from operating activities		<u>262,919</u>	<u>(50,835)</u>
Cash flow statement			
Net cash inflow/(outflow) from operating activities		262,919	(50,835)
Returns on investments and servicing of finance	31	(63,821)	(99,166)
Taxation	31	(61,269)	(46,653)
Capital expenditure and financial investment	31	(41,218)	(66,713)
		96,611	(263,367)
Financing	31	(118,780)	(93,220)
Decrease in cash in the year		<u>(22,169)</u>	<u>(356,587)</u>
Reconciliation of net cash flow to movement in net funds (Note 32)			
Decrease in cash in the year		(22,169)	(356,587)
Cash inflow from increase in debts and lease financing		118,780	100,288
Change in net funds resulting from cash flows		96,611	(256,299)
New finance leases and hire purchase contracts		-	(18,711)
Movement in net funds in the year		96,611	(275,010)
Net debt at 1 July 2011		<u>(2,481,598)</u>	<u>(2,206,588)</u>
Net debt at 30 June 2012		<u>(2,384,987)</u>	<u>(2,481,598)</u>

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total value of goods, excluding value added tax, provided to customers during the year, plus the value of work, excluding value added tax, performed during the year with respect to services

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 15 years

1.4. Basis of Consolidation

The group financial statements consolidate the accounts of Home Hardware Southwest Limited and all its subsidiary undertakings made up to 30 June each year, the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal

Turnover and profits arising on trading between group companies are excluded

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation

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

Land and buildings	-	Straight line over 50 years
Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	10% to 33% straight line
Fixtures, fittings and equipment	-	10% to 33% straight line
Motor vehicles	-	25% reducing balance

No depreciation is provided on freehold land

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

continued

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

1.7. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.8. Stock

Stock is valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.9. Pensions

The group operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.10. Deferred taxation

Full provision is made for deferred tax liabilities arising from timing differences between the recognition of items in the accounts and their recognition for tax purposes. Deferred tax balances are not discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

1.11 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the time of purchase of the asset or liability. When exchange differences arise they are taken into the profit and loss account.

1.12 Direct shipment agreements

Sales under negotiated direct shipment agreements are recognised when invoiced by the company.

HOME HARDWARE SOUTHWEST LIMITED
REGISTRATION NUMBER 00716921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

continued

2. Turnover

Turnover represents the amounts derived from goods and services which fall within the company's ordinary activities net of value added tax

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK

	2012 £	2011 £
Class of business		
Warehouse sales	14,095,403	14,036,636
Direct sales	9,173,773	8,730,517
Retail sales	2,623,539	2,696,720
	<u>25,892,715</u>	<u>25,463,873</u>

3. Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation and other amounts written off intangible assets	9,356	9,356
Depreciation and other amounts written off tangible assets	121,597	125,621
Operating lease rentals		
- Land and buildings	426,500	427,261
- Motor vehicles	236,303	220,115
Auditors' remuneration (Note 4)	17,071	17,196
	<u>-</u>	<u>2,200</u>
Profit on disposal of tangible fixed assets		
Net foreign exchange gain/(loss)	<u>(1,636)</u>	<u>6,448</u>

4. Auditors' remuneration

	2012 £	2011 £
Auditors' remuneration - audit of the financial statements	<u>17,071</u>	<u>17,196</u>
Auditors' remuneration - other fees		
- Accountancy and payroll	<u>9,431</u>	<u>9,090</u>

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5. Income from investments	2012	2011
	£	£
Income from investments	800	-
Profit on disposal of investments	5,788	-
	<u>6,588</u>	<u>-</u>
6. Interest receivable and similar income	2012	2011
	£	£
Bank interest	63	83
Other interest	50,807	25,628
	<u>50,870</u>	<u>25,711</u>
7. Interest payable and similar charges	2012	2011
	£	£
On loans and overdrafts	55,931	61,354
Members deposit and loan interest	21,889	25,407
Lease finance charges and hire purchase interest	2,023	2,339
Other interest	47	176
	<u>79,890</u>	<u>89,276</u>
Finance charges on shares classed as financial liabilities (note 12)	35,601	35,601
	<u>115,491</u>	<u>124,877</u>
8. Pension costs		

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £34,874 (2011 - £37,354)

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9. Employees

Number of employees	2012	2011
The average monthly numbers of employees (including the directors) during the year were		
Distribution, sales and administration	132	132
Directors	3	3
Non executive directors	7	7
	<u>142</u>	<u>142</u>

Employment costs	2012	2011
	£	£
Wages and salaries	2,299,465	2,287,715
Social security costs	196,395	198,512
Pension costs - other operating charge	34,874	37,354
	<u>2,530,734</u>	<u>2,523,581</u>

9.1. Directors' remuneration	2012	2011
	£	£
Remuneration and other emoluments	242,742	264,661
Pension contributions	22,972	27,852
	<u>265,714</u>	<u>292,513</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>3</u>	<u>3</u>

Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	104,612	101,433
Pension contributions	20,307	20,697
	<u>124,919</u>	<u>122,130</u>

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10. Tax on profit on ordinary activities

Analysis of charge in period	2012	2011
	£	£
Current tax		
UK corporation tax	92,535	61,270
Adjustments in respect of previous periods	3,061	-
	<u>95,596</u>	<u>61,270</u>
Total current tax charge	<u>95,596</u>	<u>61,270</u>
Deferred tax		
Timing differences, origination and reversal (note 19)	(7,151)	(3,752)
Total deferred tax	<u>(7,151)</u>	<u>(3,752)</u>
Tax on profit on ordinary activities	<u>88,445</u>	<u>57,518</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (26 per cent). The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>320,605</u>	<u>244,813</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (30 June 2011 28%)	83,357	68,548
Effects of:		
Expenses not deductible for tax purposes	12,209	12,541
Capital allowances for period in excess of depreciation	5,745	(6,661)
Adjustments to tax charge in respect of previous periods	3,061	-
Chargeable gain	1,505	-
Marginal relief	(8,316)	(12,358)
Effect of change in tax rates	(1,965)	-
Different tax rates within the group	-	(800)
Current tax charge for period	<u>95,596</u>	<u>61,270</u>

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11. Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 the Profit and Loss Account of Home Hardware Southwest Limited has not been presented with the financial statements

The results after taxation of the parent undertaking showed a profit of £134,511 (2011 - £103,604)

12. Dividends

	2012	2011
	£	£
Dividends paid and proposed on shares classed as financial liabilities		
Proposed at the year-end (recognised as a liability)		
Equity dividends on Ordinary "B" shares	35,661	35,661
	<u>35,661</u>	<u>35,661</u>

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13. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 July 2011	140,351	140,351
At 30 June 2012	140,351	140,351
Amortisation		
At 1 July 2011	60,816	60,816
Charge for year	9,356	9,356
At 30 June 2012	70,172	70,172
Net book values		
At 30 June 2012	70,179	70,179
At 30 June 2011	79,535	79,535
 Company		
Cost		
At 1 July 2011	140,351	140,351
At 30 June 2012	140,351	140,351
Amortisation		
At 1 July 2011	60,816	60,816
Charge for year	9,356	9,356
At 30 June 2012	70,172	70,172
Net book values		
At 30 June 2012	70,179	70,179
At 30 June 2011	79,535	79,535

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14. Tangible fixed assets	Land and buildings freehold	Short leasehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Group						
Cost/revaluation						
At 1 July 2011	937,206	28,750	1,376,678	459,644	12,200	2,814,478
Additions	-	-	49,362	5,134	-	54,496
At 30 June 2012	937,206	28,750	1,426,040	464,778	12,200	2,868,974
Depreciation						
At 1 July 2011	96,684	13,129	1,010,839	319,522	8,662	1,448,836
Charge for the year	8,500	1,916	94,866	15,431	884	121,597
At 30 June 2012	105,184	15,045	1,105,705	334,953	9,546	1,570,433
Net book values						
At 30 June 2012	832,022	13,705	320,335	129,825	2,654	1,298,541
At 30 June 2011	840,522	15,621	365,839	140,122	3,538	1,365,642
Company						
Cost/revaluation						
At 1 July 2011	937,206	-	405,719	-	-	1,342,925
Additions	-	-	14,838	-	-	14,838
At 30 June 2012	937,206	-	420,557	-	-	1,357,763
Depreciation						
At 1 July 2011	96,684	-	361,225	-	-	457,909
Charge for the year	8,500	-	21,273	-	-	29,773
At 30 June 2012	105,184	-	382,498	-	-	487,682
Net book values						
At 30 June 2012	832,022	-	38,059	-	-	870,081
At 30 June 2011	840,522	-	44,494	-	-	885,016

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The company's freehold property at Pottington Business Park, Barnstaple was valued by N Facey, Chartered Surveyor, at open market value on 8 March 1996 at £625,000. The company's freehold property at Vellator, Braunton was valued by B N Miles, FCIArb, FPCS, on an existing use basis on 16 August 1995 at £210,000. The balance of land and buildings freehold comprises £102,207 of subsequent additions at cost. The company is following the transitional provisions of FRS 15 ("Tangible Fixed Assets") and has therefore not revalued the properties since that initial revaluation. Land and Buildings includes freehold land valued at approximately £500,000.

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	2012		2011	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group				
Plant and machinery	<u>132,157</u>	<u>31,592</u>	<u>163,749</u>	<u>33,000</u>

Company

The company holds no assets (2010 - none) on finance leases or under hire purchase agreements

Group and company

Tangible fixed assets included at a valuation would have been included on a historical cost basis at.

	2012 £	2011 £
Cost	769,353	769,353
Depreciation	<u>(71,084)</u>	<u>(69,762)</u>
Net book value	<u>698,269</u>	<u>699,591</u>

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15. Fixed asset investments	Other unlisted investments £	Total £
Group		
Cost		
At 1 July 2011	19,740	19,740
Additions	11,500	11,500
Disposals	(18,990)	(18,990)
At 30 June 2012	12,250	12,250
Net book values		
At 30 June 2012	12,250	12,250
At 30 June 2011	19,740	19,740

	Subsidiary undertakings shares £	Subsidiary undertakings loans £	Other unlisted investments £	Total £
Company				
Cost				
At 1 July 2011	778,628	383,666	19,740	1,182,034
Additions	-	-	7,500	7,500
Disposals	-	-	(18,990)	(18,990)
At 30 June 2012	778,628	383,666	8,250	1,170,544
Net book values				
At 30 June 2012	778,628	383,666	8,250	1,170,544
At 30 June 2011	778,628	383,666	19,740	1,182,034

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15.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Home Hardware Distribution Limited	England and Wales	Wholesale distribution	Ordinary	65%
Home Hardware Distribution Limited	England and Wales	Wholesale distribution	Loan stock	65%
Mallett and Son Limited	England and Wales	Retail of hardware goods	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves	Profit/(loss) for the year
	£	£
Home Hardware Distribution Limited	1,293,152	163,706
Mallett and Son Limited	122,398	(66,057)

The principal business activities of all the above companies are the wholesale and retail distribution of hardware and horticultural goods

16. Stocks	2012	2011
	£	£
Group		
Goods for resale	4,038,752	4,154,731
Consumables	11,976	11,871
	<u>4,050,728</u>	<u>4,166,602</u>
Company		
Consumables	<u>7,097</u>	<u>8,475</u>

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17. Debtors	2012	2011
	£	£
Group		
Trade debtors	2,909,275	3,031,900
Other debtors	16,473	16,361
Prepayments and accrued income	361,515	309,406
	<u>3,287,263</u>	<u>3,357,667</u>
Company		
Trade debtors	2,771,480	3,000,175
Amounts owed by group undertakings	1,064,825	1,109,471
Prepayments and accrued income	100,023	80,938
	<u>3,936,328</u>	<u>4,190,584</u>
Amounts falling due after more than one year and included in debtors are		
Company		
Amounts owed by group undertaking	<u>583,375</u>	<u>583,375</u>

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18. Creditors: amounts falling due within one year	2012 £	2011 £
Group		
Bank overdraft	891,872	860,337
Bank loan	66,667	66,667
Net obligations under finance leases and hire purchase contracts	21,315	52,898
Trade creditors	2,121,184	2,380,475
Corporation tax	92,535	58,208
Other taxes and social security costs	284,359	356,335
Other creditors	474,385	652,653
Accruals and deferred income	657,541	580,956
	<u>4,609,858</u>	<u>5,008,529</u>

The bank overdraft and loans are secured by a mortgage debenture incorporating a fixed and floating charge over all the assets and future assets of the group and a first legal mortgage over the group's freehold land and buildings. The parent company has cross guarantees covering its bank liabilities and those of its subsidiary companies, Home Hardware Distribution Limited and Mallett & Son Limited.

Finance leases and hire purchase contracts are secured on the assets to which they relate.

Company		
Bank overdraft	505,359	836,134
Bank loan	66,667	66,667
Trade creditors	1,017,698	882,732
Amounts owed to group undertaking	502,244	497,540
Corporation tax	41,344	22,871
Other taxes and social security costs	51,112	58,782
Other creditors	457,531	633,599
Accruals and deferred income	511,181	462,781
	<u>3,153,136</u>	<u>3,461,106</u>

The bank overdraft and loans are secured by a mortgage debenture incorporating a fixed and floating charge over all the assets and future assets of the company and a first legal mortgage over the company's freehold land and buildings. The company has cross guarantees covering its bank liabilities and those of its subsidiary companies, Home Hardware Distribution Limited and Mallett & Son Limited.

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19. Creditors: amounts falling due after more than one year	2012 £	2011 £
Group		
Bank loan	772,222	838,889
"B" shares classed as financial liabilities (note 22)	445,761	445,761
Other loans from shareholders	314,125	314,125
Members' loans and loan stock	323,807	373,807
Net obligations under finance leases and hire purchase contracts	5,105	25,635
	<u>1,861,020</u>	<u>1,998,217</u>
Loans		
Repayable in one year or less, or on demand (Note 18)	66,667	66,667
Repayable between one and two years	66,667	66,667
Repayable between two and five years	200,001	200,001
Repayable in five years or more	1,143,486	1,260,153
	<u>1,476,821</u>	<u>1,593,488</u>
Repayable in five years or more		
Bank loan	505,554	572,221
Members' loans and loan stock	637,932	687,932
	<u>1,143,486</u>	<u>1,260,153</u>
The bank loans are secured by a mortgage debenture incorporating a fixed and floating charge over all the assets and future assets of the group and a first legal mortgage over the group's freehold land and buildings. The parent company has cross guarantees covering its bank liabilities and those of its subsidiary companies, Home Hardware Distribution Limited and Mallett & Son Limited. Hire purchase liabilities are secured on the assets to which they relate.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	21,315	52,898
Repayable between one and five years	5,105	25,635
	<u>26,420</u>	<u>78,533</u>

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Company

Bank loan	772,222	838,889
"B" shares classed as financial liabilities	445,761	445,761
Members' loans	117,218	167,218
	<u>1,335,201</u>	<u>1,451,868</u>

Loans

Repayable in one year or less, or on demand (Note 18)	66,667	66,667
Repayable between one and two years	66,667	66,667
Repayable between two and five years	200,001	200,001
Repayable in five years or more	622,772	739,439
	<u>956,107</u>	<u>1,072,774</u>

Repayable in five years or more

Bank loan	505,554	572,221
Members' loans and loan stock	117,218	167,218
	<u>622,772</u>	<u>739,439</u>

The loan is secured by a first fixed charge on the group's freehold land and buildings

The "B" share capital has been classified as a liability in accordance with FRS25. The "B" shares carry an annual entitlement to dividend. The "B" reserve is distributable to the "B" shareholders on the winding up of the company and is disclosed within capital and reserves. There is no other priority on the "B" reserve (see note 23) nor is there any mechanism for repayment.

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20. Provisions for liabilities

	Deferred taxation (Note 21) £	Total £
Group		
At 1 July 2011	67,676	67,676
Movements in the year	(7,151)	(7,151)
At 30 June 2012	<u>60,525</u>	<u>60,525</u>
Company		
At 1 July 2011	6,490	6,490
Movements in the year	(1,129)	(1,129)
At 30 June 2012	<u>5,361</u>	<u>5,361</u>

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21. Provision for deferred taxation	2012	2011
	£	£
Group		
Accelerated capital allowances	60,525	67,676
Provision for deferred tax	<u>60,525</u>	<u>67,676</u>
Provision at 1 July 2011	67,676	
Deferred tax credit in profit and loss account	<u>(7,151)</u>	
Provision at 30 June 2012	<u>60,525</u>	

No provision has been made for the potential tax liability of approximately £26,000 which would arise if the freehold property was sold for the revalued amount shown in the accounts

	2012	2011
	£	£
Company		
Accelerated capital allowances	5,361	6,490
Provision for deferred tax	<u>5,361</u>	<u>6,490</u>
Provision at 1 July 2011	6,490	
Deferred tax credit in profit and loss account	<u>(1,129)</u>	
Provision at 30 June 2012	<u>5,361</u>	

No provision has been made for the potential tax liability of approximately £26,000 which would arise if the freehold property was sold for the revalued amount shown in the accounts

22. Minority Interest	2012	2011
	£	£
Equity	<u>452,603</u>	<u>395,306</u>

The minority interest represents 35% of the share capital and reserves of Home Hardware Distribution Limited

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continued

23. Share capital	2012	2011
	£	£
Authorised equity		
500,000 Ordinary "A" shares of 1 each	500,000	500,000
750,000 Ordinary "B" shares of £1 each	750,000	750,000
	<u>1,250,000</u>	<u>1,250,000</u>
 Allotted, called up and fully paid equity		
284,850 Ordinary "A" shares of 1 each	<u>284,850</u>	<u>284,850</u>

The "A" and "B" shares carry equal voting rights, but differ in the following main respects

"B" shares entitle holders to a 8% cumulative dividend ranking in priority to any other dividends "A" shares carry no fixed right to dividends

An annual appropriation will be made from the profit and loss account to the "B" reserve The appropriation will be a percentage of the nominal value of the "B" shares in issue at the end of the year The percentage applied is 12% (12% - 30 June 2011)

If the company is wound up, the "B" shares rank in preference to "A" shares in the participation of realised assets The participation of the "B" shareholders is limited, however, to the value of their issued share capital plus any arrears or accruals of dividend and any amount standing to the credit of the "B" reserve

On the sale of the company's property at Vellator, a proportion of any net profit, equivalent to that between the nominal value of issued "B" shares and the total nominal value of issued shares, will be appropriated to the "B" reserve

The "B" shares are classed as a liability in these accounts in accordance with FRS25

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24. Equity Reserves	Revaluation reserve £	"B" reserve £	Profit and loss account £	Capital redemption reserve £	Total £
Group					
At 1 July 2011	146,788	779,566	344,899	14,115	1,285,368
Transfer of realised profit	(1,322)	-	1,322	-	-
Profit for the year	-	-	174,863	-	174,863
"B" reserve transfer (Note 23)	-	53,491	(53,491)	-	-
At 30 June 2012	<u>145,466</u>	<u>833,057</u>	<u>467,593</u>	<u>14,115</u>	<u>1,460,231</u>
Company					
At 1 July 2011	146,788	779,566	200,932	14,115	1,141,401
Transfer of realised profit	(1,322)	-	1,322	-	-
Profit for the year	-	-	134,511	-	134,511
"B" reserve transfer (Note 23)	-	53,491	(53,491)	-	-
At 30 June 2012	<u>145,466</u>	<u>833,057</u>	<u>283,274</u>	<u>14,115</u>	<u>1,275,912</u>

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25. Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Group		
Profit for the year	174,863	149,478
Net proceeds of equity share issue	-	13,818
Net addition to shareholders' funds	174,863	163,296
Opening shareholders' funds	1,570,218	1,406,922
Closing shareholders' funds	<u>1,745,081</u>	<u>1,570,218</u>
Company		
Profit for the year	134,511	103,604
Net proceeds of equity share issue	-	13,818
Net addition to shareholders' funds	134,511	117,422
Opening shareholders' funds	1,426,251	1,308,829
	<u>1,560,762</u>	<u>1,426,251</u>

26. Financial commitments

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within one year	-	-	98,364	83,841
Between one and five years	-	-	143,664	147,551
In over five years	426,500	426,500	-	-
	<u>426,500</u>	<u>426,500</u>	<u>242,028</u>	<u>231,392</u>

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27. Contingent liabilities

At any point in time the company has a contingent liability in respect of orders placed by its members under negotiated Direct Shipment Agreements which have not been invoiced to the company or for which invoices have not been received. Any such liability would be offset by a similar uninvoiced amount owed to the company by the member.

28. Transactions with directors

A number of the directors have an interest in businesses which are the company's customers. Sales to these businesses are all on normal commercial terms on an arms length basis.

The aggregate value of these amounted to £2,552,793 (30 June 2011 - £1,098,066) for the year. The amount due to the company at the balance sheet date had an aggregate value of £325,857 (30 June 2011 - £102,835).

29. Related party transactions

Toolbank Computer Services is a division of Dormole Limited, a 35% shareholder in Home Hardware Distribution Limited.

During the year £860 (30 June 2011 - £3,860) was received from Toolbank Specialist Services in relation to warehousing services.

During the year payments were made to Toolbank Computer Services of £41,250 (30 June 2011 - £41,250) for computer service charges.

At the year-end, Dormole Limited held £206,589 (30 June 2011 - £206,589) of loan stock in Home Hardware Distribution Limited. Included in Other Shareholders Loans was £314,125 (30 June 2011 - £314,125) due to Dormole Limited.

All related party transactions are on normal commercial terms and are conducted on an arms length basis.

30. Controlling interest

The company is under the control of the directors who are also major shareholders in the company and whose names are listed at the front of these financial statements.

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31. Gross cash flows

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	50,870	25,711
Interest paid	(79,088)	(87,623)
Interest element of finance lease rental payments	(802)	(1,653)
Dividends received	800	-
Dividends on shares classed as financial liabilities	(35,601)	(35,601)
	<u>(63,821)</u>	<u>(99,166)</u>
Taxation		
Corporation tax paid	<u>(61,269)</u>	<u>(46,653)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(54,496)	(68,913)
Payments to acquire investments	(11,500)	-
Receipts from sales of tangible assets	-	2,200
Receipts from sales of investments	24,778	-
	<u>(41,218)</u>	<u>(66,713)</u>
Financing		
Issue of ordinary share capital	-	13,818
Purchase of own shares	-	(6,750)
Issue of unsecured loan stock	-	18,957
Repayment of short term bank loan	(66,667)	(66,667)
Capital element of finance lease contracts	(52,113)	(52,578)
	<u>(118,780)</u>	<u>(93,220)</u>

HOME HARDWARE SOUTHWEST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

continued

32. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	50,760	(40,634)		10,126
Overdrafts	(860,337)	(31,535)		(891,872)
	<u>(809,577)</u>	<u>(72,169)</u>		<u>(881,746)</u>
Debt due within one year	(66,667)	66,667	(66,667)	(66,667)
Debt due after one year	(1,526,821)	50,000	66,667	(1,410,154)
Finance leases and hire purchase contracts	(78,533)	20,530	31,583	(26,420)
	<u>(1,672,021)</u>	<u>137,197</u>	<u>31,583</u>	<u>(1,503,241)</u>
Net funds	<u><u>(2,481,598)</u></u>	<u><u>65,028</u></u>	<u><u>31,583</u></u>	<u><u>(2,384,987)</u></u>

HOME HARDWARE SOUTHWEST LIMITED
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The following pages do not form part of the statutory accounts.

HOME HARDWARE SOUTHWEST LIMITED

STATEMENT OF PROMOTIONAL INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2012

	2012		2011	
	£	£	£	£
Income				
Promotional and development levy		296,807		285,769
Suppliers' contributions		152,775		117,338
Members' additional contributions		299,378		294,782
Membership Fees		<u>60,715</u>		<u>61,715</u>
		809,675		759,604
Expenditure				
Total cost of leaflets	452,990		438,253	
Management charges	22,000		22,000	
Wages and NIC	<u>132,493</u>		<u>112,830</u>	
		(607,483)		(573,083)
Promotional costs				
Costs of price lists, bulletins and Direct 2u				
Directory	67,158		59,995	
Homelink direct and development costs	21,529		20,550	
Digital Photography costs	68		359	
Bank loan repayment contribution	71,460		71,460	
Market research, Brand Development &				
Trade mark registration costs	-		200	
Wholesale Promotion	<u>54,891</u>		<u>47,463</u>	
		(215,106)		(200,027)
Surplus (deficit) for year		(12,914)		(13,506)
Surplus (deficit) brought forward		<u>119,146</u>		<u>132,652</u>
Surplus carried forward		<u>106,232</u>		<u>119,146</u>

STATEMENT OF CORPORATE MARKETING INCOME AND EXPENDITURE

	2012		2011	
	£	£	£	£
Membership Fees		-		-
Suppliers' contributions		63,112		53,720
Net profit on recharged expenditure		<u>872</u>		<u>357</u>
		63,984		54,077
Less				
Management Charges	39,529		18,433	
Promotion expenses	<u>38,394</u>		<u>45,113</u>	
		(77,923)		(63,546)
Surplus (deficit) for year		(13,939)		(9,469)
Surplus (deficit) brought forward		<u>35,210</u>		<u>44,679</u>
Surplus carried forward		<u>21,271</u>		<u>35,210</u>

The above does not form part of the statutory financial statements which are subject of the auditors' report on pages 4 - 5