

PENKETH'S LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31st December 2011

Company Registration Number 1287607

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MITCHELL CHARLESWORTH
Chartered Accountants

PENKETH'S LIMITED

Financial Statements

Year ended 31st December 2011

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PENKETH'S LIMITED

The Directors' Report

Year ended 31st December 2011

The directors present their report and the financial statements of the company for the year ended 31st December 2011

Principal activities and business review

The principal activity of the company during the year was that of commercial retailing of stationery and office furniture. The company also trades in office machines, printing and audio visual equipment.

Results and dividends

The profit for the year, after taxation, amounted to £336,363. Particulars of dividends paid are detailed in note 10 to the financial statements.

Financial risk management objectives and policies

The company uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the company's requirements.

Directors

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

S W Penketh
M S Penketh
A J Penketh
P A Mann
D J Finn

Auditor

Mitchell Charlesworth are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office
Penketh's Limited
2 Bassendale Road
Croft Business Park
Bromborough
Wirral
CH62 3QL

Signed by order of the directors



S W Penketh
Company Secretary

Approved by the directors on 29 5 12

PENKETH'S LIMITED

Statement of Directors' Responsibilities

Year ended 31st December 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

select suitable accounting policies and then 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Mitchell Charlesworth

Chartered Accountants
24 Nicholas Street Chester

Independent Auditor's Report to the Shareholders of Penketh's Limited

Year ended 31st December 2011

We have audited the financial statements of Penketh's Limited for the year ended 31st December 2011 on pages 5 to 18. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31st December 2011 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.

Mitchell Charlesworth

Chartered Accountants
24 Nicholas Street Chester

Independent Auditor's Report to the Shareholders of Penketh's Limited *(continued)*

Year ended 31st December 2011

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

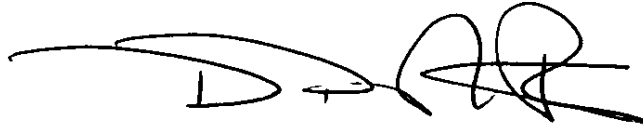
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



MR D DARLINGTON (Senior
Statutory Auditor)
For and on behalf of
MITCHELL CHARLESWORTH
Chartered Accountants
Statutory Auditor

24 Nicholas Street
Chester
CH1 2AU

29 May 2012.

PENKETH'S LIMITED

Profit and Loss Account

Year ended 31st December 2011

	Note	2011 £	2010 £
Turnover	2	10,333,839	10,301,367
Cost of sales		7,393,440	7,324,898
Gross profit		2,940,399	2,976,469
Administrative expenses		2,609,077	2,617,669
Other operating income		(123,851)	(83,918)
Operating profit	3	455,173	442,718
Income from fixed asset investments	6	2,478	1,411
Interest receivable	7	73	40
Interest payable and similar charges	8	(17,805)	(25,095)
Profit on ordinary activities before taxation		439,919	419,074
Tax on profit on ordinary activities	9	103,556	120,109
Profit for the financial year		<u>336,363</u>	<u>298,965</u>

All of the activities of the company are classed as continuing

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

The notes on pages 8 to 18 form part of these financial statements

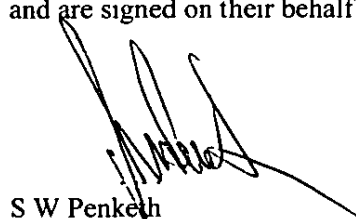
PENKETH'S LIMITED

Balance Sheet

31st December 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	11	148,687	159,250
Tangible assets	12	1,055,501	1,107,443
Investments	13	75,565	63,116
		<u>1,279,753</u>	<u>1,329,809</u>
Current assets			
Stocks	14	199,361	210,228
Debtors	15	1,657,197	2,236,803
Cash at bank and in hand		107,521	70,416
		<u>1,964,079</u>	<u>2,517,447</u>
Creditors: Amounts falling due within one year	16	<u>1,808,403</u>	<u>2,270,253</u>
Net current assets		155,676	247,194
Total assets less current liabilities		1,435,429	1,577,003
Creditors: Amounts falling due after more than one year	17	250,338	363,709
Provisions for liabilities			
Deferred taxation	18	8,114	12,360
		<u>1,176,977</u>	<u>1,200,934</u>
Capital and reserves			
Called-up equity share capital	21	12,004	12,004
Other reserves	22	3,000	3,000
Profit and loss account	23	1,161,973	1,185,930
Shareholders' funds	24	<u>1,176,977</u>	<u>1,200,934</u>

These financial statements were approved by the directors and authorised for issue on 29 5 2012, and are signed on their behalf by



S W Penketh

Company Registration Number 1287607

The notes on pages 8 to 18 form part of these financial statements

PENKETH'S LIMITED

Cash Flow Statement

Year ended 31st December 2011

	Note	2011 £	£	2010 £	£
Net cash inflow from operating activities	25		716,437		840,840
Returns on investments and Servicing of finance					
Income from other fixed asset investments		2,478		1,411	
Interest received		73		40	
Interest paid		(17,805)		(25,095)	
Net cash outflow from returns on investments and servicing of finance			(15,254)		(23,644)
Taxation			(107,710)		(104,120)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(39,000)		(182,000)	
Payments to acquire tangible fixed assets		(34,947)		(34,186)	
Receipts from sale of fixed assets		3,719		1,377	
Acquisition of investments		(12,449)		(3,193)	
Disposal of investments		—		2,007	
Net cash outflow for capital expenditure and financial investment			(82,677)		(215,995)
Equity dividends paid			(360,320)		(319,520)
Cash inflow before financing			150,476		177,561
Financing					
Repayment of bank loans		(63,371)		(97,394)	
Net (outflow)/inflow from other long-term creditors		(50,000)		110,000	
Net cash (outflow)/inflow from financing			(113,371)		12,606
Increase in cash	26		37,105		190,167

The notes on pages 8 to 18 form part of these financial statements

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

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

Goodwill

Intangible fixed assets including purchased goodwill are amortised at rates calculated to write off the assets on a straight line basis over their estimated useful economic lives. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of the asset may not be fully recoverable

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - straight line over 4 years

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	straight line over 125 years
Plant & Machinery	-	20% on reducing balance
Motor Vehicles	-	20% on cost
Computer Equipment	-	25% on cost

Stock

Stock is valued at the lower of average cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

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

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

1. Accounting policies *(continued)*

Deferred taxation

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

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

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

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	<u>10,333,839</u>	<u>10,301,367</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

3. Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Amortisation of intangible assets	49,563	22,750
Depreciation of owned fixed assets	72,820	76,053
Loss on disposal of fixed assets	10,350	586
Auditor's remuneration		
- as auditor	9,620	9,390
Operating lease costs		
- Plant and equipment	<u>155,540</u>	<u>151,305</u>

4. Particulars of employees

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

	2011 No	2010 No
Number of administrative staff	31	28
Number of management staff	5	5
Number of sales staff	10	11
Number of warehouse staff	21	24
	<u>67</u>	<u>68</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,465,769	1,515,215
Social security costs	143,819	148,489
Other pension costs	91,770	89,409
	<u>1,701,358</u>	<u>1,753,113</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were.

	2011 £	2010 £
Remuneration receivable	183,440	180,930
Value of company pension contributions to money purchase schemes	72,723	70,119
	<u>256,163</u>	<u>251,049</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

5. Directors' remuneration *(continued)*

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

	2011	2010
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

6. Income from fixed asset investments

	2011	2010
	£	£
Other dividend income	2,688	587
Profit/(loss) in share dealings	(210)	824
	<u>2,478</u>	<u>1,411</u>

7. Interest receivable

	2011	2010
	£	£
Building society interest receivable	<u>73</u>	<u>40</u>

8. Interest payable and similar charges

	2011	2010
	£	£
Interest payable on bank borrowing	282	331
Other similar charges payable	17,523	24,764
	<u>17,805</u>	<u>25,095</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26% (2010 - 28%)	107,802	105,830
Total current tax	107,802	105,830
Deferred tax		
Origination and reversal of timing differences	(4,246)	14,279
Tax on profit on ordinary activities	103,556	120,109

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	439,919	419,074
Profit on ordinary activities by rate of tax	114,379	117,340
Depreciation in excess of capital allowances	3,096	1,100
Amounts not deductible for tax purposes	5,026	7,711
Adjustment in respect of earlier periods	15	-
Other	2,155	(3,655)
Marginal relief	(16,120)	(18,370)
Exempt dividend income	(749)	(164)
Over provision of current tax	-	1,868
Total current tax (note 9(a))	107,802	105,830

10. Dividends

	2011 £	2010 £
Paid		
Equity dividends on ordinary shares	360,320	319,520

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

11. Intangible fixed assets

	Goodwill £
Cost	
At 1st January 2011	182,000
Additions	39,000
At 31st December 2011	<u>221,000</u>
Amortisation	
At 1st January 2011	22,750
Charge for the year	49,563
At 31st December 2011	<u>72,313</u>
Net book value	
At 31st December 2011	<u>148,687</u>
At 31st December 2010	<u>159,250</u>

12. Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Computer Equipment £	Website £	Total £
Cost						
At 1 Jan 2011	1,039,639	227,641	6,000	155,629	129,574	1,558,483
Additions	–	22,042	–	12,905	–	34,947
Disposals	–	(57,619)	(6,000)	(18,593)	–	(82,212)
At 31 Dec 2011	<u>1,039,639</u>	<u>192,064</u>	<u>–</u>	<u>149,941</u>	<u>129,574</u>	<u>1,511,218</u>
Depreciation						
At 1 Jan 2011	100,700	159,056	750	122,731	67,803	451,040
Charge for the year	8,317	15,122	1,375	15,612	32,394	72,820
On disposals	–	(47,780)	(2,125)	(18,238)	–	(68,143)
At 31 Dec 2011	<u>109,017</u>	<u>126,398</u>	<u>–</u>	<u>120,105</u>	<u>100,197</u>	<u>455,717</u>
Net book value						
At 31 Dec 2011	<u>930,622</u>	<u>65,666</u>	<u>–</u>	<u>29,836</u>	<u>29,377</u>	<u>1,055,501</u>
At 31 Dec 2010	<u>938,939</u>	<u>68,585</u>	<u>5,250</u>	<u>32,898</u>	<u>61,771</u>	<u>1,107,443</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

12. Tangible fixed assets *(continued)*

National Westminster Bank Plc holds security in the form of a 1st legal charge over the leasehold property known as 4 Bassendale Road, Bromborough included above

Barclays Bank Plc holds security in the form of a legal charge over the leasehold properties known as Unit 2 and 4 Bassendale Road, Bromborough included above

13. Investments

Listed Investments

	£
Cost	
At 1st January 2011	63,116
Additions	12,449
At 31st December 2011	<u>75,565</u>
Net book value	
At 31st December 2011	<u>75,565</u>
At 31st December 2010	<u>63,116</u>

Listed investments

Listed investments having a net book value of £75,565 (2010 - £63,116) are held by the company and had a market value of £94,498 at the end of the year (2010 - £64,670)

14. Stock

	2011 £	2010 £
Stock	<u>199,361</u>	<u>210,228</u>

15. Debtors

	2011 £	2010 £
Trade debtors	1,549,948	2,065,194
Other debtors	—	1,814
Prepayments and accrued income	107,249	169,795
	<u>1,657,197</u>	<u>2,236,803</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

16. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Bank loans	80,892	80,892
Trade creditors	1,139,883	1,641,910
Corporation tax	107,802	107,710
Other taxation and social security	174,615	165,181
Other creditors	60,000	60,000
Directors' current accounts	152,556	113,662
Accruals and deferred income	92,655	100,898
	<u>1,808,403</u>	<u>2,270,253</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Bank loans	<u>80,892</u>	<u>80,892</u>

17. Creditors: Amounts falling due after more than one year

	2011	2010
	£	£
Bank loans and overdrafts	190,338	253,709
Other creditors	60,000	110,000
	<u>250,338</u>	<u>363,709</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011	2010
	£	£
Bank loans and overdrafts	<u>190,338</u>	<u>253,709</u>

18. Deferred taxation

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	12,360	(1,919)
Profit and loss account movement arising during the year	(4,246)	14,279
Provision carried forward	<u>8,114</u>	<u>12,360</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

18. Deferred taxation *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of.

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	9,614	14,040
Tax losses available	(1,500)	(1,680)
	<u>8,114</u>	<u>12,360</u>

19. Commitments under operating leases

At 31st December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	40,488	-	21,065
Within 2 to 5 years	8,500	106,043	8,500	107,028
	<u>8,500</u>	<u>146,531</u>	<u>8,500</u>	<u>128,093</u>

20. Related party transactions

No shareholder holds more than 30.2% of the issued share capital, therefore there is no controlling party

Included in creditors is a loan of £120,000 (2010 - £170,000) from Mr W Penketh, who is the father of three of the directors. This loan is repayable in monthly instalments of £5,000 with the final repayment due in October 2013. The loan is interest free.

21. Share capital

Authorised share capital:

	2011 £	2010 £
15,000 Ordinary shares of £1 each	15,000	15,000
4 Ordinary Class 'A' - 'D' shares of £1 each	4	4
	<u>15,004</u>	<u>15,004</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

21. Share capital *(continued)*

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
12,000 Ordinary shares of £1 each	12,000	12,000	12,000	12,000
4 Ordinary Class 'A' - 'D' shares of £1 each	4	4	4	4
	<u>12,004</u>	<u>12,004</u>	<u>12,004</u>	<u>12,004</u>

22. Other reserves

	2011	2010
	£	£
Capital redemption reserve	<u>3,000</u>	<u>3,000</u>

23. Profit and loss account

	2011	2010
	£	£
Balance brought forward	1,185,930	1,206,485
Retained profit for the financial year	336,363	298,965
Equity dividends	(360,320)	(319,520)
Balance carried forward	<u>1,161,973</u>	<u>1,185,930</u>

24. Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	336,363	298,965
Equity dividends	(360,320)	(319,520)
Net reduction to shareholders' funds	(23,957)	(20,555)
Opening shareholders' funds	1,200,934	1,221,489
Closing shareholders' funds	<u>1,176,977</u>	<u>1,200,934</u>

PENKETH'S LIMITED

Notes to the Financial Statements

Year ended 31st December 2011

25. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	455,173	442,718
Amortisation	49,563	22,750
Depreciation	72,820	76,053
Loss on disposal of fixed assets	10,350	586
Decrease/(increase) in stock	10,867	(56,884)
Decrease/(increase) in debtors	579,606	(527,457)
(Decrease)/increase in creditors	(461,942)	883,074
Net cash inflow from operating activities	<u>716,437</u>	<u>840,840</u>

26. Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase in cash in the period	37,105	190,167
Net cash outflow from bank loans	63,371	97,394
Net cash outflow from/(inflow) from other long-term creditors	<u>50,000</u>	<u>(110,000)</u>
	150,476	177,561
Change in net debt	150,476	177,561
Net debt at 1 January 2011	(374,185)	(551,746)
Net debt at 31 December 2011	<u>(223,709)</u>	<u>(374,185)</u>

27. Analysis of changes in net debt

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash			
Cash in hand and at bank	<u>70,416</u>	<u>37,105</u>	<u>107,521</u>
Debt			
Debt due within 1 year	(80,892)	—	(80,892)
Debt due after 1 year	(363,709)	113,371	(250,338)
	<u>(444,601)</u>	<u>113,371</u>	<u>(331,230)</u>
Net debt	<u>(374,185)</u>	<u>150,476</u>	<u>(223,709)</u>