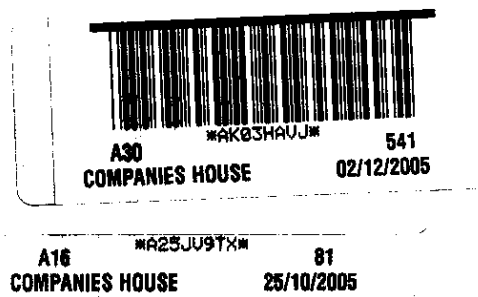


Registration number SC208421

Dee Set Logistics Limited

Abbreviated accounts

for the year ended 31st December 2004



Dee Set Logistics Limited

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Dee Set Logistics Limited

Directors' report for the year ended 31st December 2004

The directors present their report and the accounts for the year ended 31st December 2004.

Principal activity and review of the business

The principal activity of the company is the distribution of third party goods. The turnover for the year was £6,015,153. Net profit after taxation was £50,938.

The directors of the company are pleased with the performance of the company and will endeavour to increase profitability in the future.

Results and dividends

The results for the year are set out on page 3 - 4.

The directors do not recommend payment of a final dividend.

Directors and their interests

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

	Ordinary shares	
	31/12/04	01/01/04
Walter Latham	12,500	12,500
Ian Andrews	-	-
Eamonn Byrnes	12,500	12,500

Directors' responsibilities

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 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 proper 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 1985. 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hardings be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 11th October 2005 and signed on its behalf by

Walter Latham
Secretary



**Independent auditors' report to Dee Set Logistics Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 3 - 4 to 16 together with the financial statements of Dee Set Logistics Limited for the year ended 31st December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31st December 2004, and the abbreviated accounts on pages 3 - 4 to 16 are properly prepared in accordance with that provision.



Hardings
Chartered Accountants and
Registered auditors
4th October 2005



6 Marsh Parade
Newcastle-under-Lyme
Staffordshire
ST5 1DU

Dee Set Logistics Limited

Abbreviated profit and loss account for the year ended 31st December 2004

		Continuing operations	
		2004	2003
	Notes	£	£
Gross profit		1,361,508	1,193,687
Administrative expenses		(1,180,424)	(1,084,370)
Operating profit	2	<u>181,084</u>	<u>109,317</u>
Interest payable and similar charges	3	<u>(114,655)</u>	<u>(61,691)</u>
Profit on ordinary activities before taxation		66,429	47,626
Tax on profit on ordinary activities	6	<u>(15,491)</u>	<u>(13,207)</u>
Profit on ordinary activities after taxation		<u>50,938</u>	<u>34,419</u>
Retained profit for the year		50,938	34,419
Retained profit/(loss) brought forward		<u>25,109</u>	<u>(9,310)</u>
Retained profit carried forward		<u><u>76,047</u></u>	<u><u>25,109</u></u>
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		50,938	34,419
Unrealised movement on revaluation of property		<u>-</u>	<u>251,552</u>
Total recognised gains relating to the year		<u><u>50,938</u></u>	<u><u>285,971</u></u>
Note of historical cost profits and losses			
Profit on ordinary activities before taxation		66,429	47,626
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount		<u>(3,274)</u>	<u>-</u>

The notes on pages 7 to 16 form an integral part of these financial statements.

Dee Set Logistics Limited

Historical cost profit on ordinary activities before taxation	<u>63,155</u>	<u>47,626</u>
Historic cost profit for the year retained after taxation and dividends	<u>47,664</u>	<u>34,419</u>

The notes on pages 7 to 16 form an integral part of these financial statements.

Dee Set Logistics Limited

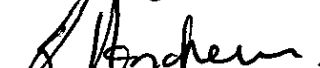
**Abbreviated balance sheet
as at 31st December 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		979,954		864,417
Current assets					
Stocks	8	18,475		6,669	
Debtors	9	2,848,132		1,392,518	
Cash at bank and in hand		7		500	
		<u>2,866,614</u>		<u>1,399,687</u>	
Creditors: amounts falling due within one year	10	<u>(2,926,846)</u>		<u>(1,580,087)</u>	
Net current liabilities			<u>(60,232)</u>		<u>(180,400)</u>
Total assets less current liabilities			919,722		684,017
Creditors: amounts falling due after more than one year	11		(488,722)		(308,460)
Provisions for liabilities and charges	12		<u>(13,401)</u>		<u>(8,896)</u>
Net assets			<u>417,599</u>		<u>366,661</u>
Capital and reserves					
Called up share capital	14		90,000		90,000
Revaluation reserve	15		251,552		251,552
Profit and loss account	15		76,047		25,109
Equity shareholders' funds	16		<u>417,599</u>		<u>366,661</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies .

The abbreviated accounts were approved by the Board on 11th October 2005 and signed on its behalf by


Walter Latham
Director


Ian Andrews
Director

The notes on pages 7 to 16 form an integral part of these financial statements.

Dee Set Logistics Limited

Cash flow statement for the year ended 31st December 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		181,084	109,317
Depreciation		67,685	35,949
(Increase) in stocks		(11,806)	(669)
(Increase) in debtors		(1,455,614)	(485,918)
Increase in creditors		146,649	516,385
Net cash outflow from operating activities		(1,072,002)	175,064
Cash flow statement			
Net cash outflow from operating activities		(1,072,002)	175,064
Returns on investments and servicing of finance	19	(114,655)	(61,691)
Taxation	19	(4,310)	-
Capital expenditure	19	(183,223)	(65,535)
		(1,374,190)	47,838
Financing	19	240,262	(29,040)
Decrease in cash in the year		(1,133,928)	18,798
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the year		(1,133,928)	18,798
Cash inflow from decrease in debts and lease financing		(240,262)	29,040
Change in net debt resulting from cash flows		(1,374,190)	47,838
Net debt at 1st January 2004		(630,499)	(678,337)
Net debt at 31st December 2004		(2,004,689)	(630,499)

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2004

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and 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 fifty years
Improvements-to-property	-	Straight line over fifty years
Computer equipment	-	25% on cost
Fixtures, fittings and equipment	-	25% on Net Book Value

1.4. Stock

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

1.5. Pensions

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

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2004

..... continued

1.6. 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;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

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.

2. Operating profit	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	67,685	35,949
Auditors' remuneration	10,000	3,500
	<u> </u>	<u> </u>
3. Interest payable and similar charges	2004	2003
	£	£
Interest payable on loans < 1 yr	47,578	14,044
On loans repayable in five years or more	32,253	20,356
Factoring interest	34,824	27,291
	<u>114,655</u>	<u>61,691</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2004

..... continued

4. Employees

Number of employees

2004

2003

The average monthly numbers of employees
(including the directors) during the year were:

157

147

Employment costs

2004

2003

£

£

Wages and salaries

2,290,979

2,021,795

Social security costs

182,788

186,051

Other pension costs

9,233

13,096

2,483,000

2,220,942

4.1. Directors' emoluments

2004

2003

£

£

Remuneration and other emoluments

85,219

86,595

Pension contributions

9,233

13,096

94,452

99,691

Number

Number

Number of directors to whom retirement benefits
are accruing under a money purchase scheme

3

3

5. Pension costs

The company operates a defined contribution pension scheme.

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2004**

..... continued

6. Tax on profit on ordinary activities

Analysis of charge in period	2004	2003
	£	£
Current tax		
UK corporation tax	10,986	4,311
Total current tax charge	<u>10,986</u>	<u>4,311</u>
Deferred tax		
Timing differences, origination and reversal	4,505	8,896
Total deferred tax	<u>4,505</u>	<u>8,896</u>
Tax on profit on ordinary activities	<u><u>15,491</u></u>	<u><u>13,207</u></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 (19 per cent). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u><u>66,429</u></u>	<u><u>47,626</u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31st December 2003 : 19%)	12,622	9,049
Effects of:		
Expenses not deductible for tax purposes	945	1,481
Capital allowances for period in excess of depreciation	(2,581)	59
Utilisation of tax losses	-	(6,190)
Marginal relief	-	(88)
Current tax charge for period	<u><u>10,986</u></u>	<u><u>4,311</u></u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2004**

..... continued

7. Tangible fixed assets	Land and buildings freehold £	Improvements to property £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost/revaluation					
At 1st January 2004	756,000	-	105,345	64,769	926,114
Additions	-	22,303	146,102	14,818	183,223
At 31st December 2004	<u>756,000</u>	<u>22,303</u>	<u>251,447</u>	<u>79,587</u>	<u>1,109,337</u>
Depreciation					
At 1st January 2004	6,000	-	36,469	19,228	61,697
Charge for the year	10,000	133	44,666	12,887	67,686
At 31st December 2004	<u>16,000</u>	<u>133</u>	<u>81,135</u>	<u>32,115</u>	<u>129,383</u>
Net book values					
At 31st December 2004	<u>740,000</u>	<u>22,170</u>	<u>170,312</u>	<u>47,472</u>	<u>979,954</u>
At 31st December 2003	<u>750,000</u>	<u>-</u>	<u>68,876</u>	<u>45,541</u>	<u>864,417</u>

The Land and Buildings were revalued as at 31st December 2003 at a value of £750,000. The revaluation was carried out by an independent surveyor, Louis Taylor, on 5th April 2004.

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

	2004 £	2003 £
Cost	504,448	504,448
Depreciation	<u>12,726</u>	<u>6,000</u>
Net book value	<u>491,722</u>	<u>498,448</u>
8. Stocks	2004 £	2003 £
Raw materials and consumables	<u>18,475</u>	<u>6,669</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2004

..... continued

9. Debtors	2004	2003
	£	£
Trade debtors	1,169,025	912,810
Intercompany account balance	1,560,311	393,684
Other debtors	19,508	19,528
Prepayments and accrued income	99,288	66,496
	<u>2,848,132</u>	<u>1,392,518</u>

10. Creditors: amounts falling due within one year	2004	2003
	£	£
Bank overdraft	1,418,474	285,039
Bank loan	97,500	37,500
Trade creditors	981,584	978,642
Corporation tax	10,986	4,311
Other taxes and social security costs	185,503	157,619
Directors' accounts	86,000	6,000
Other creditors	579	2,363
Accruals and deferred income	146,220	108,613
	<u>2,926,846</u>	<u>1,580,087</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2004**

..... continued

11. Creditors: amounts falling due after more than one year	2004 £	2003 £
Bank loan	488,722	308,460
Loans		
Repayable in one year or less, or on demand (Note 10)	97,500	37,500
Repayable between one and two years	99,816	38,516
Repayable between two and five years	269,448	115,668
Repayable in five years or more	119,458	154,276
	<u>586,222</u>	<u>345,960</u>
Repayable in five years or more:		
	<u>119,458</u>	<u>154,276</u>

SECURITIES

Letter of Guarantee by William Haughey for £300,000, dated 13/01/01.

Letter of Guarantee by Ian Andrews for £150,000 dated 21/03/03

All sums due are secured by a bond and floating charge over the whole assets of the company , registered 27/02/01.

Cross guarantee for all sums, between Dee Set Logistics Ltd, Dee Set Confectionery Ltd and Retail Solutions (Holdings) Ltd, granted 14/10/03 for Dee Set Logistics Ltd.

Legal charge by Dee Set Logistics Ltd over Milburn Road, Cobridge, for all sums, registered 09/01/03.

12. Provisions for liabilities and charges

	Deferred taxation (Note 13) £	Total £
Movements in the year	13,401	13,401
At 31st December 2004	<u>13,401</u>	<u>13,401</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2004**

..... continued

13. Provision for deferred taxation	2004	2003
	£	£
Accelerated capital allowances	<u>13,401</u>	<u>8,896</u>
Provision at 1st January 2004	8,896	
Deferred tax charge in profit and loss account	<u>4,505</u>	
Provision at 31st December 2004	<u>13,401</u>	
 14. Share capital	 2004	 2003
	£	£
Authorised		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
 Allotted, called up and fully paid		
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>
 15. Equity Reserves	 Revaluation reserve	 Profit and loss account
	£	£
At 1st January 2004	251,552	25,109
Retained profit for the year		<u>50,938</u>
At 31st December 2004	<u>251,552</u>	<u>76,047</u>
		Total
		£
 16. Reconciliation of movements in shareholders' funds	 2004	 2003
	£	£
Profit for the year	50,938	34,419
Other recognised gains or losses	-	<u>251,552</u>
Net addition to shareholders' funds	<u>50,938</u>	285,971
Opening shareholders' funds	366,661	<u>80,690</u>
Closing shareholders' funds	<u>417,599</u>	<u>366,661</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2004

..... continued

17. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing		Maximum
	2004	2003	in year
	£	£	£
Walter Latham	7,500	7,500	7,500
Eamonn Byrnes	6,478	6,500	6,500

18. Related party transactions

Dee Set Logistics Ltd is an associated company of Dee Set Confectionery Ltd.

During the year management expenses recharged to Dee Set Confectionery amounted to £635,903. (2003 - £357,445)

Sales to Dee Set Confectionery for the year totalled £219,181. (2003 - £361,706)

The intercompany balance between the companies stands at £1,559,798. (2003 - £259,823)

19. Gross cash flows

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest paid	(114,655)	(61,691)
Taxation		
Corporation tax paid	(4,310)	-
Capital expenditure		
Payments to acquire tangible assets	(183,223)	(65,535)
Financing		
New long term bank loan	180,262	(29,040)
New short term bank loan	60,000	-
	240,262	(29,040)

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2004**

..... continued

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	500	(493)	7
Overdrafts	(285,039)	(1,133,435)	(1,418,474)
	<u>(284,539)</u>	<u>(1,133,928)</u>	<u>(1,418,467)</u>
Debt due within one year	(37,500)	(60,000)	(97,500)
Debt due after one year	(308,460)	(180,262)	(488,722)
	<u>(345,960)</u>	<u>(240,262)</u>	<u>(586,222)</u>
Net funds	<u><u>(630,499)</u></u>	<u><u>(1,374,190)</u></u>	<u><u>(2,004,689)</u></u>