

Registration number SC208421

Dee Set Logistics Limited

Abbreviated accounts

for the year ended 31st December 2005



Dee Set Logistics Limited

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Dee Set Logistics Limited

Directors' report for the year ended 31st December 2005

The directors present their report and the accounts for the year ended 31st December 2005

Principal activity and review of the business

The principal activity of the company is the distribution of third party goods

Results and dividends

The results for the year are set out on page 4 5

Directors and their interests

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

	Class of share	31/12/05	01/01/05
Ian Andrews	Ordinary shares		
Eamonn Byrnes	Ordinary shares		12,500
Walter Latham	Ordinary shares		12,500

None of the directors held any beneficial interest in the shares of the company. The directors are also the directors of the holding company and their interests in the share capital of that company are disclosed in its financial statements. Further to this the majority shareholder of the holding company, is a trust whose key beneficiary is Ian Andrews.

Directors' responsibilities

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

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.

Dee Set Logistics Limited

**Directors' report
for the year ended 31st December 2005**

continued

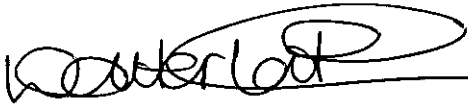
Auditors

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 18th October 2006 and signed on its behalf by

Walter Latham
Secretary

A handwritten signature in black ink, appearing to read 'Walter Latham', with a large, stylized flourish above the name.

**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 4 to 18 together with the financial statements of Dee Set Logistics Limited for the year ended 31st December 2005 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 work has been undertaken so that we might state to the company 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 as a body, for our 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 2005, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with that provision.



**Hardings
Chartered Accountants and
Registered auditors**

18th October 2006

**6 Marsh Parade
Newcastle under-Lyme
Staffordshire**

ST5 1DU

Dee Set Logistics Limited

Abbreviated profit and loss account for the year ended 31st December 2005

		Continuing operations	
		2005	2004
	Notes	£	£
Gross profit		1,831,664	1,361,508
Administrative expenses		(1,536,593)	(1,180,424)
Operating profit	2	295,071	181,084
Interest payable and similar charges	3	(210,744)	(114,655)
Profit on ordinary activities before taxation		84,327	66,429
Tax on profit on ordinary activities	6	(2,061)	(15,491)
Profit on ordinary activities after taxation		82,266	50,938
Retained profit for the year	15	82,266	50,938
Retained profit brought forward		76,047	25,109
Reserve Movements		(10,000)	
Retained profit carried forward		148,313	76,047
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		82,266	50,938
Unrealised movement on revaluation of property		365,000	
Total recognised gains relating to the year		447,266	50,938

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

Dee Set Logistics Limited

Note of historical cost profits and losses

Profit on ordinary activities before taxation	84,327	66,429
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>(3,619)</u>	<u>(3,274)</u>
Historical cost profit on ordinary activities before taxation	<u>80,708</u>	<u>63,155</u>
 Historic cost profit for the year retained after taxation and dividends	 <u>78,647</u>	 <u>47,664</u>

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

Dee Set Logistics Limited

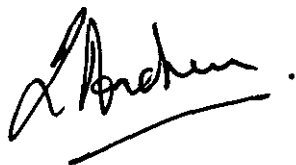
**Abbreviated balance sheet
as at 31st December 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	7		3,838,276		979,954
Current assets					
Stocks	8	17,336		18,475	
Debtors	9	2,723,419		2,848,132	
Cash at bank and in hand		192		7	
		<u>2,740,947</u>		<u>2,866,614</u>	
Creditors: amounts falling due within one year	10	(2,784,595)		(2,926,846)	
Net current liabilities			<u>(43,648)</u>		<u>(60,232)</u>
Total assets less current liabilities			3,794,628		919,722
Creditors: amounts falling due after more than one year	11		(2,925,489)		(488,722)
Provisions for liabilities	12		<u>(14,274)</u>		<u>(13,401)</u>
Net assets			<u>854,865</u>		<u>417,599</u>
Capital and reserves					
Called up share capital	14		90,000		90,000
Revaluation reserve	15		616,552		251,552
Profit and loss account	15		148,313		76,047
Equity shareholders' funds	16		<u>854,865</u>		<u>417,599</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 18th October 2006 and signed on its behalf by

Ian Andrews
Director



Walter Latham
Director



The notes on pages 8 to 17 form an integral part of these financial statements.

Dee Set Logistics Limited

**Cash flow statement
for the year ended 31st December 2005**

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		295,071	181,084
Depreciation		321,120	67,685
Decrease in stocks		1,139	(11,806)
Decrease in debtors		124,713	(1,455,614)
Increase in creditors		740,825	146,649
Net cash inflow from operating activities		<u>1,482,868</u>	<u>(1,072,002)</u>

Cash flow statement

Net cash inflow from operating activities		1,482,868	(1,072,002)
Returns on investments and servicing of finance	20	(210,744)	(114,655)
Taxation	20	(10,987)	(4,310)
Capital expenditure	20	(1,126,862)	(183,223)
		134,275	(1,374,190)
Equity dividends paid		(10,000)	
		124,275	(1,374,190)
Financing	20	1,046,749	240,262
Increase in cash in the year		<u>1,171,024</u>	<u>(1,133,928)</u>

Reconciliation of net cash flow to movement in net debt (Note 21)

Increase in cash in the year	1,171,024	(1,133,928)
Cash inflow from decrease in debts and lease financing	(1,046,749)	(240,262)
Change in net funds resulting from cash flows	124,275	(1,374,190)
New finance leases and hire purchase contracts	(1,687,579)	
Movement in net debt in the year	(1,563,304)	(1,374,190)
Net debt at 1st January 2005	(2,004,689)	(630,499)
Net debt at 31st December 2005	<u>(3,567,993)</u>	<u>(2,004,689)</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2005

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 and derives from the provision of goods falling within the company's ordinary activities

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 50 years
Motor vehicles	Straight line over the life of the lease
Plant and machinery	25% on cost
Fixtures, fittings and equipment	25% on Net Book Value
Motor vehicles	25% straight line

1.4. 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

1.5. Stock

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

1.6. 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 2005

continued

1.7. Deferred taxation

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

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

2. Operating profit	2005 £	2004 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	321,120	67,685
Auditors' remuneration	7,500	10,000
	<u>328,620</u>	<u>77,685</u>
3. Interest payable and similar charges	2005 £	2004 £
On loans and overdrafts	38,910	47,578
On loans repayable in five years or more	22,302	32,253
Lease finance charges and hire purchase interest	85,370	
Invoice discounting interest	64,049	34,824
On overdue tax	113	
	<u>210,744</u>	<u>114,655</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

4. Employees

Number of employees	2005	2004
The average monthly numbers of employees (including the directors) during the year were		
	154	157
	<u>154</u>	<u>157</u>
Employment costs	2005	2004
	£	£
Wages and salaries	542,245	488,196
Social security costs	207,779	225,799
Pension costs other operating charge	33,430	9,233
	<u>783,454</u>	<u>723,228</u>
	<u>783,454</u>	<u>723,228</u>
4.1. Directors' emoluments	2005	2004
	£	£
Remuneration and other emoluments	72,137	85,219
Pension contributions	17,940	9,233
	<u>90,077</u>	<u>94,452</u>
	<u>90,077</u>	<u>94,452</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	3	3
	<u>3</u>	<u>3</u>

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 2005**

continued

6. Tax on profit on ordinary activities

Analysis of charge in period	2005	2004
	£	£
Current tax		
UK corporation tax	1,188	10,986
Total current tax charge	<u>1,188</u>	<u>10,986</u>
Deferred tax		
Timing differences, origination and reversal	873	4,505
Total deferred tax	<u>873</u>	<u>4,505</u>
Tax on profit on ordinary activities	<u><u>2,061</u></u>	<u><u>15,491</u></u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below

	2005	2004
	£	£
Profit on ordinary activities before taxation	<u>84,327</u>	<u>66,429</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31st December 2004 19%)	16,022	12,622
Effects of:		
Expenses not deductible for tax purposes	640	945
Capital allowances for period in excess of depreciation	35,561	(2,581)
Utilisation of group relief tax losses	(13,067)	
Finance lease capital repayments	(37,968)	
Current tax charge for period	<u><u>1,188</u></u>	<u><u>10,986</u></u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

7. Tangible fixed assets	Land and buildings freehold £	Motor vehicles £	Computer equipment £	Fixtures, fittings and equipment £	Investment property £	Total £
Cost or valuation						
At 1st January 2005	778,303		251,448	79,587		1,109,338
Additions	1,185,343	1,368,187	162,161	14,250	84,500	2,814,441
Revaluation	365,000					365,000
At 31st December 2005	<u>2,328,646</u>	<u>1,368,187</u>	<u>413,609</u>	<u>93,837</u>	<u>84,500</u>	<u>4,288,779</u>
Depreciation						
At 1st January 2005	16,133		81,135	32,116		129,384
Charge for the year	26,019	196,669	82,654	14,650	1,127	321,119
At 31st December 2005	<u>42,152</u>	<u>196,669</u>	<u>163,789</u>	<u>46,766</u>	<u>1,127</u>	<u>450,503</u>
Net book values						
At 31st December 2005	<u>2,286,494</u>	<u>1,171,518</u>	<u>249,820</u>	<u>47,071</u>	<u>83,373</u>	<u>3,838,276</u>
At 31st December 2004	<u>762,170</u>		<u>170,313</u>	<u>47,471</u>		<u>979,954</u>

The Land and Buildings were revalued as at 31st December 2005 at a value of £2,215,000. The revaluation was carried out by an independent surveyor, Louis Taylor, on 31 December 2005.

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

Asset description	2005		2004	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	<u>1,171,518</u>	<u>196,669</u>	<u>-</u>	<u></u>

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

	2005 £	2004 £
Cost	1,671,627	504,448
Depreciation	<u>37,848</u>	<u>12,726</u>
Net book value	<u>1,633,779</u>	<u>491,772</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

8.	Stocks	2005	2004
		£	£
	Raw materials and consumables	<u>17,336</u>	<u>18,475</u>
9.	Debtors	2005	2004
		£	£
	Trade debtors	1,865,528	1,169,025
	Amount owed by connected companies	557,476	1,560,311
	Other debtors	6,688	19,508
	Grant receivable	178,000	
	Prepayments and accrued income	<u>115,727</u>	<u>99,288</u>
		<u>2,723,419</u>	<u>2,848,132</u>
10	Creditors: amounts falling due within one year	2005	2004
		£	£
	Bank overdraft	84,575	1,418,474
	Bank Loan Short term	275,076	97,500
	Deferred grant receipt	8,964	
	Net obligations under finance leases and hire purchase contracts	283,045	
	Trade creditors	495,512	515,592
	Invoice discounting	1,117,388	465,992
	Corporation tax	1,188	10,986
	Other taxes and social security costs	220,092	185,503
	Directors' accounts	118,062	86,000
	Other creditors	823	579
	Accruals and deferred income	<u>179,870</u>	<u>146,220</u>
		<u>2,784,595</u>	<u>2,926,846</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

11. Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loan	971,121	488,722
Deferred Grant receipt	163,060	
Directors loan account	906,000	
Net obligations under finance leases and hire purchase contracts	885,308	
	<u>2,925,489</u>	<u>488,722</u>
Loans		
Repayable in one year or less, or on demand (Note 10)	275,076	97,500
Repayable between one and two years	126,324	99,816
Repayable between two and five years	378,972	269,448
Repayable in five years or more	465,825	119,458
	<u>1,246,197</u>	<u>586,222</u>
 Bank loan	 465,825	 119,458
Repayable in five years or more	<u>465,825</u>	<u>119,458</u>

Securities

All sums are secured by a bond and floating charge over the whole assets of the company, registered 27/02/2001

Legal charge by Dee Set Logistics Ltd over Milburn Road, Cobridge, for all sums registered 09/01/2003

Letter of guarantee by Ian Andrews for £150,000 dated 21/03/2003

Cross guarantee for all sums, between Dee Set Logistics Ltd, Dee Set Confectionery Ltd and Retail Solutions (Holdings) Ltd, granted 14/10/2003 for Dee Set Logistics Ltd

Legal charge by Dee Set Logistics Ltd over Florida Close, Hot Lane Industrial Estate, Stoke on Trent, for all sums dated 29/04/2005, registered 03/06/2005

Debenture by Dee Set Logistics Ltd, for all sums due over whole assets of company, dated 06/05/2005, registered 01/06/2005

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2005

continued

12. Provisions for liabilities

	Deferred taxation (Note 13) £	Total £
At 1st January 2005	13,401	13,401
Movements in the year	873	873
At 31st December 2005	<u>14,274</u>	<u>14,274</u>

13. Provision for deferred taxation

	2005 £	2004 £
Accelerated capital allowances	<u>14,274</u>	<u>13,401</u>
Provision at 1st January 2005	13,401	
Deferred tax charge in profit and loss account	873	
Provision at 31st December 2005	<u>14,274</u>	

14. Share capital

	2005 £	2004 £
Authorised equity		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid equity		
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>
Equity Shares		
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

15. Equity Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1st January 2005	251,552	76,047	327,599
Revaluation of property	365,000		365,000
Retained profit for the year		82,266	82,266
At 31st December 2005	<u>616,552</u>	<u>148,313</u>	<u>764,865</u>

16. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit for the year	82,266	50,938
Dividends	(10,000)	
	<u>72,266</u>	<u>50,938</u>
Other recognised gains or losses	365,000	
Net addition to shareholders' funds	437,266	50,938
Opening shareholders' funds	417,599	366,661
Closing shareholders' funds	<u>854,865</u>	<u>417,599</u>

17. Transactions with directors

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

	Amount owing 2005 £	2004 £	Maximum in year £
Walter Latham		7,500	7,500
Eamonn Byrnes		6,478	6,478
	<u> </u>	<u> </u>	<u> </u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2005

continued

18. Related party transactions

The ultimate parent undertaking of Dee Set Logistics Limited is Retail Solutions (Holdings) Limited

Full information about the ultimate parent undertaking is given in note 21

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

During the year expenses recharged to Dee Set Confectionery Ltd amounted to

£ 1,391,964 (2004 £635,903)

Sales to Dee Set Confectionery Ltd for the year totalled £ 562,143 (2004 £ 219,181)

The intercompany balance between Dee Set Logistics Ltd and Dee Set Confectionery Ltd stands

at £ 567,476 (2004 £ 1,559,798)

Dividends of £ 10,000 (Net) were paid to Retail Solutions (Holdings) Ltd throughout the year to 31 December 2005

19. Ultimate parent undertaking

The ultimate parent undertaking of Dee Set Logistics Limited is Retail Solutions (Holdings) Limited who control 100% of the shares of the company effective from 1 February 2005 The Housego Richards Trust are the majority shareholder which controls 71% of the shares of the holding company, thereby being the ultimate controlling party of the company The key beneficiary of the trust is the director Ian Andrews

20. Gross cash flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest paid	(125,374)	(114,655)
Interest element of finance lease rental payments	(85,370)	
	<u>(210,744)</u>	<u>(114,655)</u>
Taxation		
Corporation tax paid	<u>(10,987)</u>	<u>(4,310)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(1,126,862)</u>	<u>(183,223)</u>
Financing		
New long term bank loan	482,399	180,262
Other new long term loans	906,000	
New short term bank loan	177,576	60,000
Capital element of finance lease contracts	<u>(519,226)</u>	
	<u>1,046,749</u>	<u>240,262</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2005**

continued

21. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	7	185		192
Overdrafts	(1,418,474)	1,333,899		(84,575)
	<u>(1,418,467)</u>	<u>1,334,084</u>		<u>(84,383)</u>
Debt due within one year	(97,500)	(177,576)		(275,076)
Debt due after one year	(488,722)	(1,551,459)		(2,040,181)
Finance leases and hire purchase contracts		519,226	(1,687,579)	(1,168,353)
	<u>(586,222)</u>	<u>(1,209,809)</u>	<u>(1,687,579)</u>	<u>(3,483,610)</u>
Net funds	<u><u>(2,004,689)</u></u>	<u><u>124,275</u></u>	<u><u>(1,687,579)</u></u>	<u><u>(3,567,993)</u></u>