

Registration number SC208421

Dee Set Logistics Limited

Directors' report and financial statements

for the year ended 31st December 2008

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Dee Set Logistics Limited

Company information

Directors	I Andrews W Latham E Byrnes S Hinchliffe S Machin
Secretary	W Latham
Company number	SC208421
Registered office	249 West George Street Glasgow Scotland G2 4RB
Auditors	Hardings 6 Marsh Parade Newcastle-under-Lyme Staffordshire ST5 1DU
Business address	The Distribution Centre Victoria Road Fenton Stoke-on-Trent ST4 2PJ

Dee Set Logistics Limited

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Dee Set Logistics Limited

Directors' report for the year ended 31st December 2008

The directors present their report and the financial statements for the year ended 31st December 2008.

Principal activity and review of the business

Dee Set Logistics is a subsidiary of Retail Solutions (Holdings). The principal activities of the Company involve the provision of Distribution and Merchandising services to the major multiple retailers. Fulfilment services that involve the supply of product for resale (consolidated stock management, order processing, pick and pack activities), are transacted through Dee Set Confectionery.

Turnover increased in 2008 by 17% to £15,141,251. The main increase in business reflected the extension of the merchandising solutions in the Cosmetics, Health & Beauty and Impulse sectors.

Gross Profits increased by 5% to £4,913,328. Operating margins were impacted by fluctuating oil markets in a climate where it was difficult to recover cost increases through pricing.

Profits were impacted by the write-off of a £262,178 book debt from Entertainment UK (part of the Woolworth's Group). Despite this charge Operating Profits for 2008 were £646,165 (£599,324 in 2007).

Net Assets increased to £1,963,975

Of note, the balance sheet reflected the purchase in April 2008 of a £4.5M freehold property (a 170,000 sq ft warehouse / distribution centre in North Staffordshire). This investment enabled the business to consolidate operational activities - providing both economies and a substantial platform for further development.

At the time of filing the Company's 2009 half-year trading results have been confirmed. New business gains have further contributed to turnover, margin and asset growth with all key financial measures ahead of 2008 and in line with the Company's budgets.

The sustained growth and trading margins (excepting the key bad debt), were in line with targets and generally encouraging in what was a clearly a difficult economic climate. The Company continues to invest in infrastructure (people, property and systems), to secure further profitable expansion and the Directors are pleased with the progress achieved.

Results and dividends

The results for the year are set out on page 6 - 7.

The directors do not recommend payment of a final dividend.

Financial risk management

The directors ensure that the company's liquidity is maintained by entering into both long and short term financial instruments as necessary to support operational and other funding requirements. The directors consider that the company has limited exposure to all aspects of financial risk.

Dee Set Logistics Limited

Directors' report for the year ended 31st December 2008

..... continued

Employment policy

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Directors

The directors who served during the year are as stated below:

I Andrews
W Latham
E Byrnes
S Hinchliffe
S Machin

Charitable and political contributions

During the year the company contributed £17,250 to charities.

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 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.

Dee Set Logistics Limited

**Directors' report
for the year ended 31st December 2008**

..... continued

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

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 was approved by the Board on 21st July 2009 and signed on its behalf by



W Latham
Secretary

Dee Set Logistics Limited

Independent auditors' report to the shareholders of Dee Set Logistics Limited

We have audited the financial statements of Dee Set Logistics Limited for the year ended 31st December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Dee Set Logistics Limited

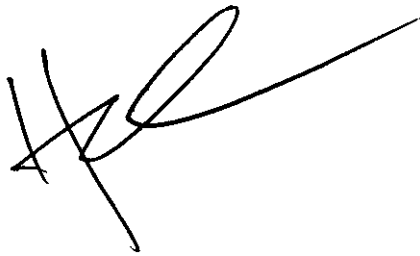
Independent auditors' report to the shareholders of Dee Set Logistics Limited continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Hardings
Chartered Accountants and
Registered auditors
21st July 2009**

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

ST5 1DU

Dee Set Logistics Limited

Profit and loss account for the year ended 31st December 2008

		Continuing operations	
		2008	2007
	Notes	£	£
Turnover	2	15,141,251	12,895,292
Cost of sales		(10,227,923)	(8,197,066)
Gross profit		4,913,328	4,698,226
Administrative expenses		(4,625,306)	(4,107,866)
Other operating income	3	358,143	8,964
Operating profit	3	646,165	599,324
Profit on disposal of tangible assets		-	709,490
Profit on ordinary activities before interest		646,165	1,308,814
Other interest receivable and similar income	4	2,094	133
Interest payable and similar charges	5	(604,931)	(565,166)
Profit on ordinary activities before taxation		43,328	743,781
Tax on profit on ordinary activities	8	(30,604)	(16,229)
Profit for the year	18	12,724	727,552
Retained profit brought forward		1,173,699	262,147
Reserve Movements	18	86,000	184,000
Retained profit carried forward		1,272,423	1,173,699

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

Note of historical cost profits and losses

Profit on ordinary activities before taxation	43,328	743,781
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	10,989	12,309

The notes on pages 10 to 22 form an integral part of these financial statements.

Dee Set Logistics Limited

Historical cost profit on ordinary activities before taxation	<u>54,317</u>	<u>756,090</u>
Historic cost profit for the year retained after taxation and dividends	<u>23,713</u>	<u>739,861</u>

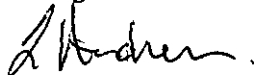
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Dee Set Logistics Limited

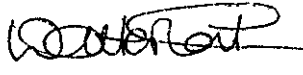
**Balance sheet
as at 31st December 2008**

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		6,844,343		2,773,382
Current assets					
Stocks	10	6,113		11,641	
Debtors	11	4,294,641		5,767,208	
Cash at bank and in hand		1,880		113,300	
		<u>4,302,634</u>		<u>5,892,149</u>	
Creditors: amounts falling due within one year	12	<u>(6,239,804)</u>		<u>(5,488,210)</u>	
Net current (liabilities)/assets			<u>(1,937,170)</u>		<u>403,939</u>
Total assets less current liabilities			4,907,173		3,177,321
Creditors: amounts falling due after more than one year	13		(2,781,887)		(1,057,582)
Provisions for liabilities	14		(16,179)		(14,392)
Accruals and deferred income	15		<u>(145,132)</u>		<u>(154,096)</u>
Net assets			<u>1,963,975</u>		<u>1,951,251</u>
Capital and reserves					
Called up share capital	17		90,000		90,000
Revaluation reserve	18		601,552		687,552
Profit and loss account	18		<u>1,272,423</u>		<u>1,173,699</u>
Shareholders' funds	19		<u>1,963,975</u>		<u>1,951,251</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21st July 2009 and signed on its behalf by



I Andrews
Director



W Latham
Director



S Machin
Director

The notes on pages 10 to 22 form an integral part of these financial statements.

Dee Set Logistics Limited

**Cash flow statement
for the year ended 31st December 2008**

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		646,165	599,324
Depreciation		676,695	636,080
Decrease in stocks		5,528	-
Decrease / (increase) in debtors		1,472,567	(2,978,151)
(Decrease) / increase in creditors		(262,444)	1,003,021
Government grant released		(8,964)	(8,964)
Net cash inflow / (outflow) from operating activities		<u>2,529,547</u>	<u>(748,690)</u>

Cash flow statement

Net cash inflow from operating activities		2,529,547	(748,690)
Returns on investments and servicing of finance	23	(559,575)	(549,638)
Taxation	23	(16,314)	(14,098)
Capital expenditure	23	(4,181,092)	1,453,998
		<u>(2,227,434)</u>	<u>141,572</u>
Financing	23	2,116,014	(39,699)
(Decrease) / Increase in cash in the year		<u>(111,420)</u>	<u>101,873</u>

Reconciliation of net cash flow to movement in net debt (Note 24)

(Decrease) / Increase in cash in the year		(111,420)	101,873
Cash flows from (increase) / decrease in debts and lease financing		(2,116,014)	39,699
Change in net debt resulting from cash flows		(2,227,434)	141,572
New finance leases and hire purchase contracts		(566,564)	(165,200)
Movement in net debt in the year		<u>(2,793,998)</u>	<u>(23,628)</u>
Net debt at 1st January 2008		<u>(4,004,081)</u>	<u>(3,980,453)</u>
Net debt at 31st December 2008		<u>(6,798,079)</u>	<u>(4,004,081)</u>

Dee Set Logistics Limited

Notes to the financial statements for the year ended 31st December 2008

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 invoice value, excluding value added tax, of sales made during the year and derives from the provision of services 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:

Freehold buildings	-	Straight line over 50 years
Land	-	Nil
Motor vehicles	-	Straight line over the life of the lease
Computer equipment	-	25% per annum straight line
Fixtures, fittings and equipment	-	25% per annum reducing balance

Land and buildings

FRS 15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle. The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves.

1.4. Investment property

Investments held as fixed assets are stated at cost less any provision for impairment.

1.5. Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces amounts payable to the lessor.

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

1.6. Stock and work in progress

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

Dee Set Logistics Limited

Notes to the financial statements for the year ended 31st December 2008

..... continued

1.7. Pensions

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

1.8. 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.

1.9. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. Turnover

	2008 £	2007 £
Geographical market		
UK	15,139,334	12,895,292
Europe	1,917	-
	<u>15,141,251</u>	<u>12,895,292</u>

Dee Set Logistics Limited

Notes to the financial statements for the year ended 31st December 2008

..... continued

3. Operating profit	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	676,695	636,080
Operating lease rentals		
- Land and buildings	182,744	154,440
- Motor vehicles	205,928	169,344
Auditors' remuneration	15,500	28,500
	<u> </u>	<u> </u>
and after crediting:		
Rent receivable	349,179	-
Government grants	8,964	8,964
	<u> </u>	<u> </u>
4. Interest receivable and similar income	2008	2007
	£	£
Bank interest	2,094	133
	<u> </u>	<u> </u>
5. Interest payable and similar charges	2008	2007
	£	£
Interest payable on loans < 1 yr	140,699	165,079
On loans repayable between one and two years	60,026	66,450
On loans repayable between two and five years	33,706	-
On loans repayable in five years or more	56,194	-
Lease finance charges and hire purchase interest	202,728	221,503
Invoice discounting interest	111,531	112,015
On overdue tax	47	119
	<u> </u>	<u> </u>
	604,931	565,166
	<u> </u>	<u> </u>

Dee Set Logistics Limited

Notes to the financial statements for the year ended 31st December 2008

..... continued

6. Employees

Number of employees	2008	2007
The average monthly numbers of employees (including the directors) during the year were:	881	762

Employment costs	2008 £	2007 £
Wages and salaries	7,740,343	6,695,265
Social security costs	544,871	476,309
Pension costs-other operating charge	24,854	35,730
	<u>8,310,068</u>	<u>7,207,304</u>

6.1. Directors' emoluments	2008 £	2007 £
Remuneration and other emoluments	231,929	299,993
Pension contributions	22,530	32,536
	<u>254,459</u>	<u>332,529</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>4</u>	<u>4</u>

Highest paid director	£	£
Emoluments and other benefits	61,662	93,397
Pension contributions	9,069	12,442
	<u>70,731</u>	<u>105,839</u>

7. Pension costs

The company makes contributions to money purchase pension schemes.

The pension costs charged in the financial statements represent the contribution payable by the company during the year and amounted to £24,854 (2007 : £35,730)

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2008	2007
	£	£
Current tax		
UK corporation tax	28,817	16,314
Total current tax charge	<u>28,817</u>	<u>16,314</u>
Deferred tax		
Timing differences, origination and reversal	1,787	(85)
Total deferred tax	<u>1,787</u>	<u>(85)</u>
Tax on profit on ordinary activities	<u>30,604</u>	<u>16,229</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 (21 per cent). The differences are explained below:

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>43,328</u>	<u>743,781</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (31st December 2007 : 19.75%)	8,991	146,897
Effects of:		
Expenses not deductible for tax purposes	551	2,057
Capital allowances for period in excess of depreciation	101,891	(38,363)
Finance lease capital repayments	(96,839)	(94,277)
Chargeable gains	14,223	-
Current tax charge for period	<u>28,817</u>	<u>16,314</u>

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

9. Tangible fixed assets	Land and buildings freehold £	Motor vehicles £	Computer equipment £	Fixtures, fittings and equipment £	Investment property £	Total £
Cost/revaluation						
At 1st January 2008	1,620,700	1,772,825	611,938	150,368	84,500	4,240,331
Additions	4,374,809	540,808	50,974	104,065	27,000	5,097,656
Disposals	(350,000)	(69,000)	-	-	-	(419,000)
At 31st December 2008	<u>5,645,509</u>	<u>2,244,633</u>	<u>662,912</u>	<u>254,433</u>	<u>111,500</u>	<u>8,918,987</u>
Depreciation						
At 1st January 2008	60,399	957,650	374,433	73,340	1,127	1,466,949
Elimination on disposals	-	(69,000)	-	-	-	(69,000)
Charge for the year	63,397	466,694	117,799	28,805	-	676,695
At 31st December 2008	<u>123,796</u>	<u>1,355,344</u>	<u>492,232</u>	<u>102,145</u>	<u>1,127</u>	<u>2,074,644</u>
Net book values						
At 31st December 2008	<u>5,521,713</u>	<u>889,289</u>	<u>170,680</u>	<u>152,288</u>	<u>110,373</u>	<u>6,844,343</u>
At 31st December 2007	<u>1,560,301</u>	<u>815,175</u>	<u>237,505</u>	<u>77,028</u>	<u>83,373</u>	<u>2,773,382</u>

The Land & Buildings at Milburn Road were revalued as at 31st December 2006 at a value of £1,100,000. The revaluation was carried out by an independent surveyor, Louis Taylor, on 31st December 2006.

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

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

Asset description	2008		2007	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Fixtures, fittings and Equipment	23,976	3,424	-	-
Motor vehicles	889,289	466,694	815,175	477,356
	<u>913,265</u>	<u>470,118</u>	<u>815,175</u>	<u>477,356</u>

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

		2008 £	2007 £
Cost		504,448	1,671,627
Depreciation		<u>44,935</u>	<u>87,115</u>
Net book value		<u>459,513</u>	<u>1,584,512</u>
10. Stocks		2008 £	2007 £
Fuel		<u>6,113</u>	<u>11,641</u>
11. Debtors		2008 £	2007 £
Trade debtors		3,406,901	3,465,851
Amount owed by group undertakings		420,152	65,568
Other debtors		3,575	1,805,506
Prepayments and accrued income		<u>464,013</u>	<u>430,283</u>
		<u>4,294,641</u>	<u>5,767,208</u>

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

12. Creditors: amounts falling due within one year	2008 £	2007 £
Bank loan - short term (secured)	1,500,000	951,650
Net obligations under finance leases and hire purchase contracts	433,025	414,176
Trade creditors	897,659	728,766
Invoice discounting creditor (secured)	1,912,614	1,648,416
Amounts owed to group undertakings	10,000	10,000
Corporation tax	28,817	16,314
Other taxes and social security costs	779,682	838,816
Directors' accounts	172,433	45,557
Other creditors	3,014	71,008
Accruals and deferred income	502,560	763,507
	<u>6,239,804</u>	<u>5,488,210</u>

Dee Set Logistics Limited

Notes to the financial statements
for the year ended 31st December 2008

..... continued

13. Creditors: amounts falling due after more than one year	2008 £	2007 £
Bank loan	1,800,000	-
Directors loan account	500,000	650,000
Net obligations under finance leases and hire purchase contracts	481,887	407,582
	<u>2,781,887</u>	<u>1,057,582</u>
Loans		
Repayable in one year or less, or on demand (Note 12)	1,500,000	951,650
Repayable between one and two years	700,000	650,000
Repayable between two and five years	600,000	-
Repayable in five years or more	1,000,000	-
	<u>3,800,000</u>	<u>1,601,650</u>
Repayable in five years or more:		
Bank loan	1,000,000	-
	<u>1,000,000</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	689,384	597,832
Repayable between one and five years	774,293	599,172
	<u>1,463,677</u>	<u>1,197,004</u>
Finance charges and interest allocated to future accounting periods	(548,765)	(375,246)
	<u>914,912</u>	<u>821,758</u>

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

14. Provisions for liabilities

	Deferred taxation (Note 16) £	Total £
At 1st January 2008	14,392	14,392
Movements in the year	1,787	1,787
At 31st December 2008	<u>16,179</u>	<u>16,179</u>

15. Accruals and deferred income

	2008 £	2007 £
Government grants		
At 1st January 2008	154,096	163,060
Released in year	(8,964)	(8,964)
At 31st December 2008	<u>145,132</u>	<u>154,096</u>

16. Provision for deferred taxation

	2008 £	2007 £
Accelerated capital allowances	16,179	14,392
Provision for deferred tax	<u>16,179</u>	<u>14,392</u>
Provision at 1st January 2008	14,392	
Deferred tax charge in profit and loss account	1,787	
Provision at 31st December 2008	<u>16,179</u>	

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

17. Share capital	2008 £	2007 £
Authorised equity		
250,000 Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid equity		
90,000 Ordinary shares of £1 each	90,000	90,000

18. Equity Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1st January 2008	687,552	1,173,699	1,861,251
Transfer of realised profit	(86,000)	86,000	-
Profit for the year		12,724	12,724
At 31st December 2008	601,552	1,272,423	1,873,975

19. Reconciliation of movements in shareholders' funds	2008 £	2007 £
Profit for the year	12,724	727,552
Opening shareholders' funds	1,951,251	1,223,699
Closing shareholders' funds	1,963,975	1,951,251

20. Financial commitments

At 31st December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008 £	2007 £	2008 £	2007 £
Expiry date:				
Within one year	164,793	180,894	97,172	107,912
Between one and five years	290,086	321,589	71,402	127,478
	454,879	502,483	168,574	235,390

Dee Set Logistics Limited

Notes to the financial statements for the year ended 31st December 2008

..... continued

22. 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 is the majority shareholder which controls 61% (2007: 61%) 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.

23. Gross cash flows

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	2,094	133
Interest paid	(358,941)	(328,268)
Interest element of finance lease rental payments	(202,728)	(221,503)
	<u>(559,575)</u>	<u>(549,638)</u>
Taxation		
Corporation tax paid	<u>(16,314)</u>	<u>(14,098)</u>
Capital expenditure		
Payments to acquire tangible assets	(4,531,092)	(296,002)
Receipts from sales of tangible assets	350,000	1,750,000
	<u>(4,181,092)</u>	<u>1,453,998</u>
Financing		
New long term bank loan	3,300,000	351,126
Repayment of long term bank loan	-	(230,205)
Repayment of directors loan	(23,124)	(105,427)
Repayment of short term bank loan	(951,650)	(148,107)
Invoice discounting advances	264,198	559,057
Capital element of hire purchase contracts	(1,288)	-
Capital element of finance lease contracts	<u>(472,122)</u>	<u>(466,143)</u>
	<u>2,116,014</u>	<u>(39,699)</u>

Dee Set Logistics Limited

**Notes to the financial statements
for the year ended 31st December 2008**

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	113,300	(111,420)		1,880
Invoice discounting	(1,648,416)	(264,198)		(1,912,614)
Debt due within one year	(997,207)	974,774	(1,650,000)	(1,672,433)
Debt due after one year	(650,000)	(3,300,000)	1,650,000	(2,300,000)
Finance leases and hire purchase contracts	(821,758)	473,410	(566,564)	(914,912)
	<u>(4,117,381)</u>	<u>(2,116,014)</u>	<u>(566,564)</u>	<u>(6,799,959)</u>
Net funds	<u><u>(4,004,081)</u></u>	<u><u>(2,227,434)</u></u>	<u><u>(566,564)</u></u>	<u><u>(6,798,079)</u></u>

Dee Set Logistics Limited

The following pages do not form part of the statutory accounts.

Dee Set Logistics Limited

Detailed trading profit and loss account and expenses schedule for the year ended 31st December 2008

	2008		2007	
	£	£	£	£
Sales				
Sales		15,139,334		12,895,292
Sales - Europe		1,917		-
		<u>15,141,251</u>		<u>12,895,292</u>
Cost of sales				
Vehicle lease and hire	205,928		169,344	
Fuel	1,588,605		1,227,522	
Subcontract hire	574,042		427,368	
Vehicle maintenance	123,976		92,407	
Vehicle insurance	160,353		124,961	
Packaging etc	10,415		20,585	
Licences	27		4,110	
Bridge tolls	20,033		14,044	
Direct wages	6,381,810		5,221,214	
Employer's NI contributions	379,543		302,845	
Agency costs	588,103		483,122	
Equipment hire	58,738		79,869	
Intercompany recharges	121,396		15,984	
Equipment maintenance	14,954		13,691	
	<u>10,227,923</u>		<u>8,197,066</u>	
		(10,227,923)		(8,197,066)
Gross profit		<u>4,913,328</u>		<u>4,698,226</u>
Administrative expenses				
Administrative salaries	1,126,604		1,174,058	
Directors' remuneration	231,929		299,993	
Employer's NI contributions	165,328		173,464	
Directors' money purchase pension costs	22,530		32,536	
Staff money purchase pension costs	2,324		3,194	
Staff training	6,445		7,784	
Rent	182,744		154,440	
Rates	269,323		89,909	
Insurance	70,144		49,952	
Light and heat	90,488		41,689	
Staff uniforms	11,187		6,270	
Repairs and maintenance	168,871		72,261	
Printing, stationery & advertising	59,844		46,972	
Claims	19,663		38,355	
Telephone	129,940		145,561	
Security	114,017		114,667	
Hire Of equipment	116,457		118,033	
Motor, travelling and entertainment	626,290		454,922	
Legal and professional	41,604		126,137	
Accountancy	20,349		17,820	

Dee Set Logistics Limited

**Detailed trading profit and loss account
and expenses schedule
for the year ended 31st December 2008**

	2008		2007	
	£	£	£	£
Audit	15,500		28,500	
Invoice discounting charges	36,391		33,794	
Bank charges	76,921		16,868	
Credit charges (insurance)	6,096		5,800	
Bad debt	262,178		68,077	
Sundry expenses	58,194		150,034	
Charitable donations - covenanted	17,250		696	
Depreciation	676,695		636,080	
		4,625,306		4,107,866
Other operating income				
Rent receivable	349,179		-	
Government grants received	8,964		8,964	
Profit on disposal of tangible assets	-		709,490	
		358,143		718,454
Operating profit		646,165		1,308,814
Other income and expenses				
Interest receivable				
Bank deposit interest	2,094		133	
		2,094		133
Interest payable				
Bank interest	50,256		96,650	
Interest on loans repayable in less than 5 years	184,175		134,879	
Interest on loans repayable in more than 5 years	56,194		-	
Invoice discounting interest	111,531		112,015	
HP interest and fin. lease charges	202,728		221,503	
Interest on overdue tax	47		119	
		(604,931)		(565,166)
Net profit for the year		43,328		743,781