

COMPANY REGISTRATION NUMBER SC208421

Dee Set Logistics Limited

Financial statements

Year ended

31st December 2009



Dee Set Logistics Limited
Financial statements
Year ended 31st December 2009

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Dee Set Logistics Limited

Company information

The board of directors

I. Andrews
W. Latham
E. Byrnes
S. Hinchliffe
S. Machin

Company secretary

W. Latham

Registered office

249 West George Street
Glasgow
Scotland
G2 4RB

Auditor

Hardings
Chartered Accountants
& Statutory Auditor
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

The directors' report

Year ended 31st December 2009

The directors present their report and the financial statements of the company for the year ended 31st December 2009.

Principal activities and business review

Dee Set Logistics Limited is a subsidiary of Retail Solutions (Holdings) Limited.

The group provides consolidated supply chain services to both the major multiple retailers (including Asda, Morrisons, Wilkinsons, Waitrose, Boots, Dunnes Stores), and an extensive list of originating suppliers. The company's customer base has grown through the extension of its proven and unique offering. Elements of the supply chain solutions may be provided by dedicated warehouse keepers, distributors or businesses specialising in site support services, but integrated solutions are rarely available from a single source.

Core logistics services are complimented by support activities each focusing on making the route to store both simple and cost effective for the businesses partners. The aim is to provide solutions that are attractive to both retailers and suppliers. Added value services extend to for example, the procurement of point-of-sale materials, display stands, fixtures, range and brand development, sourcing, security tagging, product returns/re-work solutions, etc. Additionally, the business has sought and successfully engaged with a series of entrepreneurs whose focus and expertise would be considered to be specialist product development rather than the logistical route to market for their product.

The principal activities of the company involve the provision of distribution and merchandising services to the major multiple retailers. The group's fulfilment services are transacted through Dee Set Confectionery Limited (the supply of product for resale involving consolidated stock management, order processing, pick and pack activities).

The company's turnover increased in 2009 by 6% to £16,066,868 (2008: £15,141,251). Gross profits increased by 20% to £5,917,308 (2008: £4,913,328) with operating profits reported at £1,078,918 (2008: £646,165).

Net Assets increased to £2,362,420 (2008:£1,963,975) and the net cash inflow from operating activities was £2,610,218 (2008: £2,529,547).

The sustained growth in turnover and trading margins were in line with targets and generally encouraging in what remains 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.

Outlook

At the time of filing this report, the company's trading results for the first quarter of 2010 have been confirmed. New business gains have further contributed to turnover, margin and asset growth with all key financial measures ahead of 2009 and in line with the company's budgets.

Results and dividends

The profit for the year, after taxation, amounted to £398,445. The directors have not recommended a dividend.

Dee Set Logistics Limited

The directors' report

Year ended 31st December 2009

Financial risk management

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

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 that 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 the company during the year were as follows:

I. Andrews
W. Latham
E. Byrnes
S. Hinchliffe
S. Machin

Directors' responsibilities

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

Dee Set Logistics Limited

The directors' report

Year ended 31st December 2009

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.

Auditor

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

Registered office:
249 West George Street
Glasgow
Scotland
G2 4RB

Signed by order of the directors



W. Latham
Company Secretary

Approved by the directors on 4th June 2010

Dee Set Logistics Limited

Independent auditor's report to the shareholders of Dee Set Logistics Limited

Year ended 31st December 2009

We have audited the financial statements of Dee Set Logistics Limited for the year ended 31st December 2009. 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 Section 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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.

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 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

Dee Set Logistics Limited

Independent auditor's report to the shareholders of Dee Set Logistics Limited *(continued)*

Year ended 31st December 2009

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. T.R. McNEAL (Senior
Statutory Auditor)
For and on behalf of
HARDINGS
Chartered Accountants
& Statutory Auditor

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

4th June 2010

Dee Set Logistics Limited

Profit and loss account

Year ended 31st December 2009

	Note	2009 £	2008 £
Turnover	2	16,066,868	15,141,251
Cost of sales		(10,149,560)	(10,227,923)
Gross profit		<u>5,917,308</u>	<u>4,913,328</u>
Administrative expenses		(4,900,492)	(4,625,306)
Other operating income	3	62,102	358,143
Operating profit	4	<u>1,078,918</u>	<u>646,165</u>
Interest receivable	7	105	2,094
Interest payable and similar charges	8	(505,558)	(604,931)
Profit on ordinary activities before taxation		<u>573,465</u>	<u>43,328</u>
Tax on profit on ordinary activities	9	(175,020)	(30,604)
Profit for the financial year		<u><u>398,445</u></u>	<u><u>12,724</u></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 page 7 form part of these financial statements.

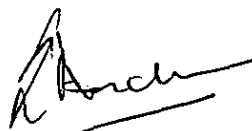
Dee Set Logistics Limited

Balance sheet

31st December 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	10	7,083,803	6,844,343
Investments	11	50	—
		<u>7,083,853</u>	<u>6,844,343</u>
Current assets			
Stocks	12	14,419	6,113
Debtors	13	3,230,568	4,294,641
Cash at bank and in hand		262,959	1,880
		<u>3,507,946</u>	<u>4,302,634</u>
Creditors: amounts falling due within one year	14	(4,168,400)	(6,239,804)
Net current liabilities		(660,454)	(1,937,170)
Total assets less current liabilities		<u>6,423,399</u>	<u>4,907,173</u>
Creditors: amounts falling due after more than one year	15	(3,792,040)	(2,781,887)
Provisions for liabilities			
Deferred taxation	17	(132,771)	(16,179)
Government grants	18	(136,168)	(145,132)
		<u>2,362,420</u>	<u>1,963,975</u>
Capital and reserves			
Called-up equity share capital	20	90,000	90,000
Revaluation reserve	21	601,552	601,552
Profit and loss account	22	1,670,868	1,272,423
Shareholders' funds	23	<u>2,362,420</u>	<u>1,963,975</u>

These financial statements were approved by the directors and authorised for issue on 4th June 2010, and are signed on their behalf by:



I. Andrews



W. Latham



S. Machin

Company Registration Number: SC208421

The notes on page 8 form part of these financial statements.

Dee Set Logistics Limited

Cash flow statement

Year ended 31st December 2009

	Note	2009 £	£	2008 £	£
Net cash inflow from operating activities	24		2,610,218		2,529,547
Returns on investments and servicing of finance	24		(516,155)		(559,575)
Taxation	24		(28,845)		(16,314)
Capital expenditure and financial investment	24		(329,781)		(4,181,092)
Acquisitions and disposals	24		(50)		–
Cash inflow/(outflow) before financing			<u>1,735,387</u>		<u>(2,227,434)</u>
Financing					
New bank loans			–		3,300,000
Repayment of bank loans			(500,000)		(951,650)
Net (outflow)/inflow from other short-term creditors			(106,053)		(23,124)
Capital element of hire purchase and finance lease agreements			(517,163)		(473,410)
Invoice discounting (repayments)/advances			<u>(351,092)</u>		<u>264,198</u>
Net cash (outflow)/inflow from financing			(1,474,308)		2,116,014
Increase/(decrease) in cash	24		<u>261,079</u>		<u>(111,420)</u>

The notes on page 9 form part of these financial statements.

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

1.2 Turnover

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

1.3 Fixed assets

All fixed assets are initially recorded at cost.

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. The profit or loss on the disposal of revalued properties is calculated by reference to net book value and any realised surplus is transferred to the profit and loss account through reserves.

1.4 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:

Freehold Buildings	-	Straight line over 50 years
Fixtures, Fittings and Equipment	-	25% reducing balance
Motor Vehicles	-	Straight line over the life of the lease
Computer Equipment	-	25% straight line
Investment Property	-	Straight line over 5 years

1.5 Investment properties

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

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

1. Accounting policies *(continued)*

1.7 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

1.8 Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

1.9 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.

1.10 Pension costs

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

1.11 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.

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 the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

1.12 Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

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:

	2009 £	2008 £
United Kingdom	16,066,868	15,139,334
Europe	-	1,917
	<u>16,066,868</u>	<u>15,141,251</u>

3. Other operating income

	2009 £	2008 £
Rent receivable	53,138	349,179
Government grants	8,964	8,964
	<u>62,102</u>	<u>358,143</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	2009 £	2008 £
Amortisation of government grants	(8,964)	(8,964)
Depreciation of owned fixed assets	228,984	206,577
Depreciation of assets held under hire purchase and finance lease agreements	459,804	470,118
Loss on disposal of fixed assets	19,238	-
Auditor's remuneration		
- as auditor	15,500	15,500
Operating lease costs:		
- Land and buildings	186,819	182,744
- Motor vehicles	<u>215,623</u>	<u>205,928</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

5. Particulars of employees

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

	2009	2008
	No	No
Staff (including directors)	<u>946</u>	<u>881</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	8,424,659	7,740,343
Social security costs	586,476	544,871
Other pension costs	25,147	24,854
	<u>9,036,282</u>	<u>8,310,068</u>

6. Directors' remuneration

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

	2009	2008
	£	£
Remuneration receivable	353,170	234,113
Value of company pension contributions to money purchase schemes	21,917	22,530
	<u>375,087</u>	<u>256,643</u>

Remuneration of highest paid director:

	2009	2008
	£	£
Total remuneration (excluding pension contributions)	92,418	61,662
Value of company pension contributions to money purchase schemes	12,636	9,069
	<u>105,054</u>	<u>70,731</u>

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

	2009	2008
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

7. Interest receivable

	2009	2008
	£	£
Bank interest receivable	<u>105</u>	<u>2,094</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

8. Interest payable and similar charges

	2009	2008
	£	£
Bank loan and overdraft	201,617	225,010
Directors' loan account	56,608	65,615
Finance lease and hire purchase contracts	208,870	202,728
Invoice discounting	37,090	111,531
Other interest payable	1,373	47
	<u>505,558</u>	<u>604,931</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008 - 28%)	87,245	28,817
(Over) provision in prior year	(28,817)	-
Total current tax	<u>58,428</u>	<u>28,817</u>
Deferred tax:		
Origination and reversal of timing differences	116,592	1,787
Tax on profit on ordinary activities	<u>175,020</u>	<u>30,604</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

9. Taxation on ordinary activities *(continued)*

(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 28% (2008 - 28%).

	2009 £	2008 £
Profit on ordinary activities before taxation	573,465	43,328
Profit on ordinary activities by rate of tax	160,570	12,132
Expenses not deductible for tax purposes	855	742
Capital allowances for period in excess of depreciation	78,954	137,492
Utilisation of tax losses	(17,348)	-
Tax chargeable at lower rates	(7,221)	(10,067)
Adjustments to tax charge in respect of previous periods	(28,817)	-
Finance lease capital repayments	(126,930)	(130,674)
Chargeable gains	-	19,192
Other tax deductible items	(1,635)	-
Total current tax (note 9(a))	58,428	28,817

10. Tangible fixed assets

	Land and Buildings Freehold £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Computer Equipment £	Investment Property £	Total £
Cost or valuation						
At 1 Jan 2009	5,645,509	254,433	2,244,633	662,912	111,500	8,918,987
Additions	17,713	40,432	617,705	271,636	-	947,486
Disposals	-	-	(296,000)	-	-	(296,000)
At 31 Dec 2009	<u>5,663,222</u>	<u>294,865</u>	<u>2,566,338</u>	<u>934,548</u>	<u>111,500</u>	<u>9,570,473</u>
Depreciation						
At 1 Jan 2009	123,796	102,145	1,355,344	492,232	1,127	2,074,644
Charge for the year	74,988	44,020	453,324	95,283	21,173	688,788
On disposals	-	-	(276,762)	-	-	(276,762)
At 31 Dec 2009	<u>198,784</u>	<u>146,165</u>	<u>1,531,906</u>	<u>587,515</u>	<u>22,300</u>	<u>2,486,670</u>
Net book value						
At 31 Dec 2009	<u>5,464,438</u>	<u>148,700</u>	<u>1,034,432</u>	<u>347,033</u>	<u>89,200</u>	<u>7,083,803</u>
At 31 Dec 2008	<u>5,521,713</u>	<u>152,288</u>	<u>889,289</u>	<u>170,680</u>	<u>110,373</u>	<u>6,844,343</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

10. Tangible fixed assets *(continued)*

The land and buildings at Milburn Road were revalued 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 at open market value.

Hire purchase and finance lease agreements

Included within the net book value of £7,083,803 is £16,199 (2008 - £23,976) relating to assets held under hire purchase agreements, and £1,034,432 (2008 - £889,289) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £6,480 (2008 - £3,424), and £453,324 (2008 - £466,694) in respect of assets held under finance lease agreements.

11. Investments

	Total £
Cost	
Additions	50
At 31st December 2009	<u>50</u>
Net book value	
At 31st December 2009	50
At 31st December 2008	<u>-</u>

The above represents an investment in 50% of the ordinary share capital of Crazy Popular Products Limited - a company incorporated in the U.K. The principal activity of this company is the manufacture and sale of wheatbags and associated products.

12. Stocks

	2009 £	2008 £
Stock of fuel	<u>14,419</u>	<u>6,113</u>

13. Debtors

	2009 £	2008 £
Trade debtors	2,684,593	3,406,901
Amounts owed by group undertakings	27,329	420,152
Other debtors	-	3,575
Prepayments and accrued income	518,646	464,013
	<u>3,230,568</u>	<u>4,294,641</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

14. Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans	300,000	1,500,000
Trade creditors	777,130	897,659
Amounts owed to group undertakings	240,318	10,000
Other creditors including taxation and social security:		
Corporation tax	58,400	28,817
Other taxation and social security	315,618	779,682
Hire purchase and finance lease agreements	223,414	433,025
Other creditors	143,408	175,447
Invoice discounting creditor	1,561,522	1,912,614
Accruals and deferred income	548,590	502,560
	<u>4,168,400</u>	<u>6,239,804</u>

The bank loans, invoice discounting creditor, hire purchase and finance lease agreements (as per note 14 & 15) are secured by a charge over the assets of the group.

Cross guarantee for all sums, between Dee Set Logistics Limited, Dee Set Confectionery Limited and Retail Solutions (Holdings) Limited, granted 14th October 2003.

All sums secured by a bond and floating charge over the whole assets of the company and registered 27th February 2001.

Legal charge over Milburn Road, Cobridge, Stoke-on-Trent for all sums registered 9th January 2003.

Legal charge over The Distribution Centre, Victoria Road, Stoke-on-Trent for all sums registered 28th May 2008.

Debenture for all sums due over the whole assets of the company, dated 6th May 2005 and registered 1st June 2005.

15. Creditors: amounts falling due after more than one year

	2009 £	2008 £
Bank loans	2,500,000	1,800,000
Other creditors:		
Hire purchase and finance lease agreements	792,040	481,887
Directors' loan account	500,000	500,000
	<u>3,792,040</u>	<u>2,781,887</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

16. Commitments under hire purchase and finance lease agreements

Future commitments under hire purchase and finance lease agreements are as follows:

	2009	2008
	£	£
Amounts payable within 1 year	462,346	689,384
Amounts payable between 2 to 5 years	1,314,877	774,293
	<u>1,777,223</u>	<u>1,463,677</u>
Less interest and finance charges relating to future periods	(761,769)	(548,765)
	<u>1,015,454</u>	<u>914,912</u>
Hire purchase and finance lease agreements are analysed as follows:		
Current obligations	223,414	433,025
Non-current obligations	792,040	481,887
	<u>1,015,454</u>	<u>914,912</u>

17. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009	2008
	£	£
Provision brought forward	16,179	14,392
Profit and loss account movement arising during the year	116,592	1,787
Provision carried forward	<u>132,771</u>	<u>16,179</u>

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

	2009	2008
	£	£
Excess of taxation allowances over depreciation on fixed assets	132,771	16,179
	<u>132,771</u>	<u>16,179</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

18. Government grants

	2009 £	2008 £
Received and receivable:		
At 1st January 2009	178,000	178,000
At 31st December 2009	<u>178,000</u>	<u>178,000</u>
Amortisation:		
At 1st January 2009	32,868	23,904
Credit to profit and loss account	8,964	8,964
At 31st December 2009	<u>41,832</u>	<u>32,868</u>
Net balance at 31st December 2009	<u>136,168</u>	<u>145,132</u>

19. Commitments under operating leases

At 31st December 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	68,820	22,308	19,085	22,468
Within 2 to 5 years	2,700	60,498	145,708	74,769
	<u>71,520</u>	<u>82,806</u>	<u>164,793</u>	<u>97,237</u>

20. Share capital

Authorised share capital:

	2009 £	2008 £
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

21. Revaluation reserve

	2009 £	2008 £
Balance brought forward	601,552	687,552
Transfer to the Profit and Loss Account	—	(86,000)
Balance carried forward	<u>601,552</u>	<u>601,552</u>

22. Profit and loss account

	2009 £	2008 £
Balance brought forward	1,272,423	1,173,699
Profit for the financial year	398,445	12,724
Transfer from revaluation reserve	—	86,000
Balance carried forward	<u>1,670,868</u>	<u>1,272,423</u>

23. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	398,445	12,724
Transfer from revaluation reserve	—	86,000
Transfer to profit and loss account	—	(86,000)
Net addition to shareholders' funds	398,445	12,724
Opening shareholders' funds	1,963,975	1,951,251
Closing shareholders' funds	<u>2,362,420</u>	<u>1,963,975</u>

24. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	1,078,918	646,165
Depreciation	688,788	676,695
Loss on disposal of fixed assets	19,238	—
Amortisation of government grants	(8,964)	(8,964)
(Increase)/decrease in stocks	(8,306)	5,528
Decrease in debtors	1,064,073	1,472,567
Decrease in creditors	(223,529)	(262,444)
Net cash inflow from operating activities	<u>2,610,218</u>	<u>2,529,547</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2009

24. Notes to the cash flow statement *(continued)*

Returns on investments and servicing of finance

	2009	2008
	£	£
Interest received	105	2,094
Interest paid	(307,390)	(358,941)
Interest element of hire purchase and finance lease	(208,870)	(202,728)
Net cash outflow from returns on investments and servicing of finance	<u>(516,155)</u>	<u>(559,575)</u>

Taxation

	2009	2008
	£	£
Taxation	<u>(28,845)</u>	<u>(16,314)</u>

Capital expenditure

	2009	2008
	£	£
Payments to acquire tangible fixed assets	(329,781)	(4,531,092)
Receipts from sale of fixed assets	—	350,000
Net cash outflow from capital expenditure	<u>(329,781)</u>	<u>(4,181,092)</u>

Acquisitions and disposals

	2009	2008
	£	£
Acquire investments in participating interests	(50)	—
Net cash outflow from acquisitions and disposals	<u>(50)</u>	<u>—</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

24. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2009		2008	
	£	£	£	£
Increase/(decrease) in cash in the period	261,079		(111,420)	
Net cash outflow from/(inflow) from bank loans	500,000		(2,348,350)	
Net outflow from/(inflow) from other short-term creditors	106,053		23,124	
Cash outflow in respect of hire purchase and finance lease agreements	517,163		473,410	
Invoice discounting repayments/(advances)	351,092		(264,198)	
Change in net debt resulting from cash flows		1,735,387		(2,227,434)
New finance leases		(617,705)		(566,564)
Movement in net debt in the period		1,117,682		(2,793,998)
Net debt at 1 January 2009		(6,798,079)		(4,004,081)
Net debt at 31 December 2009		<u>(5,680,397)</u>		<u>(6,798,079)</u>

Analysis of changes in net debt

	At 1 Jan 2009 £	Cash flows £	Other changes £	At 31 Dec 2009 £
Net cash:				
Cash in hand and at bank	1,880	261,079	—	262,959
Invoice discounting	(1,912,614)	351,092	—	(1,561,522)
	<u>(1,910,734)</u>	<u>612,171</u>	<u>—</u>	<u>(1,298,563)</u>
Debt:				
Debt due within 1 year	(1,672,433)	406,053	900,000	(366,380)
Debt due after 1 year	(2,300,000)	200,000	(900,000)	(3,000,000)
Hire purchase and finance lease agreements	(914,912)	517,163	(617,705)	(1,015,454)
	<u>(4,887,345)</u>	<u>1,123,216</u>	<u>(617,705)</u>	<u>(4,381,834)</u>
Net debt	<u>(6,798,079)</u>	<u>1,735,387</u>	<u>(617,705)</u>	<u>(5,680,397)</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2009

25. Related parties transactions

The company is a wholly owned subsidiary of Retail Solutions (Holdings) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

At the balance sheet date, the credit balance on the directors' loan account of Ian Andrews was £566,280 (2008:£672,433). Interest is paid on any outstanding amounts and there is no fixed date for repayment of the loan.

26. Ultimate parent company

The ultimate parent undertaking of Dee Set Logistics Limited is Retail Solutions (Holdings) Limited which controls 100% of the shares of the company effective from 1st February 2005. The Housego Richards Trust is the majority shareholder which controls 61% (2008:61%) 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.