

Dee Set Logistics Limited

Financial statements

Year ended

31st December 2011

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Dee Set Logistics Limited
Financial statements
Year ended 31st December 2011

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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 2011

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

Principal activities and business review

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

The principal activities of the company involve the provision of distribution and in-store merchandising services.

The Company's turnover at £22,633,186 (2010: £15,834,144 bring a 43% increase) generated gross profits of £7,747,512 (34%) and operating profit of £904,021 (2010: £852,768).

The company's field team comprises 1,200 employees whose activities include order preparation / processing, product receipt, shelf replenishment, store audit, and tactical merchandising support. In early 2011 there was a significant expansion of the service offering with the acquisition of a business focused on the provision of store re-fit activities. The acquisition was a natural extension of the company's strategic activities and the operation has integrated well into the established infrastructure. The first year's trading has exceeded expectations.

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

Outlook

The company strategy is built upon a belief that it adds value through consolidated supply solutions benefiting both retailers and their originating suppliers. The group continues to invest in infrastructure (people, property and systems), to secure further profitable expansion and the Directors remain pleased with the progress achieved.

The progress in 2011 has been sustained in early 2012 with continuing growth in turnover, margins and net assets. All key financial measures are ahead of 2011 and in line with the company's budgets.

The board remains confident about the future pipeline of activity and the business' growth strategy.

Dee Set Logistics Limited

The directors' report *(continued)*

Year ended 31st December 2011

Results and dividends

The profit for the year, after taxation, amounted to £390,692. The directors have not recommended a dividend.

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

E. Byrnes was appointed as a director on 1st August 2011.

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;

Dee Set Logistics Limited

The directors' report *(continued)*

Year ended 31st December 2011

- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 21st May 2012

Dee Set Logistics Limited

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

Year ended 31st December 2011

We have audited the financial statements of Dee Set Logistics Limited for the year ended 31st December 2011. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members 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 pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

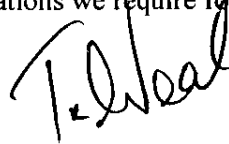
Independent auditor's report to the members of Dee Set Logistics Limited *(continued)*

Year ended 31st December 2011

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.



TIMOTHY McNEAL ACA (Senior
Statutory Auditor)
For and on behalf of
HARDINGS
Chartered Accountants
& Statutory Auditor

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

21st May 2012

Dee Set Logistics Limited

Profit and loss account

Year ended 31st December 2011

	Note	2011 £	2010 £
Turnover	2	22,633,186	15,834,144
Cost of sales		(14,885,674)	(10,534,236)
Gross profit		7,747,512	5,299,908
Administrative expenses		(6,977,030)	(4,539,277)
Other operating income	3	133,539	92,137
Operating profit	4	904,021	852,768
Interest receivable and similar income	7	593	519
Interest payable and similar charges	8	(370,894)	(387,767)
Profit on ordinary activities before taxation		533,720	465,520
Tax on profit on ordinary activities	9	(143,028)	(141,165)
Profit for the financial year		390,692	324,355

All of the activities of the company are classed as continuing.

The notes on pages 11 to 25 form part of these financial statements

Dee Set Logistics Limited

Statement of total recognised gains and losses

Year ended 31st December 2011

	2011	2010
	£	£
Profit for the financial year attributable to the shareholders	390,692	324,355
Unrealised loss on revaluation of certain fixed assets	<u>(418,292)</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>(27,600)</u>	<u>324,355</u>

The notes on pages 11 to 25 form part of these financial statements

Dee Set Logistics Limited

Balance sheet

31st December 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	11	15,627	–
Tangible assets	12	7,093,460	8,048,996
Investments	13	90,065	90,065
		<u>7,199,152</u>	<u>8,139,061</u>
Current assets			
Stocks	14	8,794	6,113
Debtors	15	5,366,933	3,905,762
Cash at bank and in hand		153,188	297,459
		<u>5,528,915</u>	<u>4,209,334</u>
Creditors: amounts falling due within one year	16	<u>(8,437,843)</u>	<u>(5,514,922)</u>
Net current liabilities		<u>(2,908,928)</u>	<u>(1,305,588)</u>
Total assets less current liabilities		<u>4,290,224</u>	<u>6,833,473</u>
Creditors: amounts falling due after more than one year	17	(1,491,293)	(4,012,089)
Provisions for liabilities			
Deferred taxation	19	(185,916)	(171,805)
Government grants	20	(118,240)	(127,204)
		<u>2,494,775</u>	<u>2,522,375</u>
Capital and reserves			
Called-up equity share capital	23	90,000	90,000
Revaluation reserve	24	183,260	601,552
Profit and loss account	25	2,221,515	1,830,823
Shareholders' funds	26	<u>2,494,775</u>	<u>2,522,375</u>

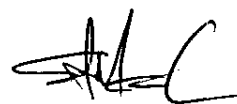
These financial statements were approved by the directors and authorised for issue on 21st May 2012, and are signed on their behalf by:



I. Andrews



W. Latham



S. Machin

Company Registration Number: SC208421

The notes on pages 11 to 25 form part of these financial statements

Dee Set Logistics Limited

Cash flow statement

Year ended 31st December 2011

	Note	2011	2010
		£	£
Net cash inflow from operating activities	27	1,273,647	2,252,324
Returns on investments and servicing of finance	27	(373,548)	(379,945)
Taxation	27	(99,904)	(58,356)
Capital expenditure and financial investment	27	(183,589)	(545,695)
Acquisitions and disposals	27	—	(90,015)
Equity dividends paid		—	(164,400)
Cash inflow before financing		<u>616,606</u>	<u>1,013,913</u>
Financing			
Repayment of bank loans		(300,000)	(300,000)
Net outflow from other short-term creditors		(25,783)	(1,441)
Capital element of hire purchase and finance lease		(345,314)	(293,651)
Invoice discounting repayments		<u>(89,780)</u>	<u>(384,321)</u>
Net cash outflow from financing		(760,877)	(979,413)
(Decrease)/increase in cash	27	<u>(144,271)</u>	<u>34,500</u>

The notes on pages 11 to 25 form part of these financial statements

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2011

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 Amortisation

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

Goodwill - Straight line over 2 years

1.4 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.

1.5 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

1.6 Investment properties

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

1.7 Stocks

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

1.8 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.

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

1. Accounting policies *(continued)*

1.9 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.

1.10 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.

1.11 Pension costs

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

1.12 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 that 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.

1.13 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 2011

2. Turnover

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

	2011	2010
	£	£
United Kingdom	<u>22,633,186</u>	<u>15,834,144</u>

3. Other operating income

	2011	2010
	£	£
Rent receivable	124,575	83,173
Government grants	8,964	8,964
	<u>133,539</u>	<u>92,137</u>

4. Operating profit

Operating profit is stated after charging/ (crediting):

	2011	2010
	£	£
Amortisation of government grants	(8,964)	(8,964)
Amortisation of intangible assets	9,375	-
Depreciation of owned fixed assets	295,111	286,927
Depreciation of assets held under hire purchase and finance lease agreements	342,643	315,083
Loss on disposal of fixed assets	8,078	8,922
Auditor's remuneration		
- as auditor	15,500	15,500
Operating lease costs:		
- land & buildings	24,549	93,391
- motor vehicles	<u>115,844</u>	<u>210,628</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

5. Particulars of employees

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

	2011	2010
	No	No
Staff (including directors)	<u>1,426</u>	<u>1,071</u>

The aggregate payroll costs of the above were:

	2011	2010
	£	£
Wages and salaries	12,799,189	8,721,916
Social security costs	844,327	577,060
Other pension costs	37,386	28,689
	<u>13,680,902</u>	<u>9,327,665</u>

6. Directors' remuneration

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

	2011	2010
	£	£
Remuneration receivable	362,734	315,193
Value of company pension contributions to money purchase schemes	11,650	23,566
	<u>374,384</u>	<u>338,759</u>

Remuneration of highest paid director:

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	97,745	89,814
Value of company pension contributions to money purchase schemes	1,199	12,282
	<u>98,944</u>	<u>102,096</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

7. Interest receivable and similar income

	2011	2010
	£	£
Bank interest receivable	589	519
Other similar income receivable	4	-
	<u>593</u>	<u>519</u>

8. Interest payable and similar charges

	2011	2010
	£	£
Bank loans and overdraft	138,572	164,275
Director's loan account	60,826	63,544
Finance lease and hire purchase contracts	126,620	127,460
Invoice discounting interest	44,876	32,488
	<u>370,894</u>	<u>387,767</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 26% (2010 - 28%)	131,189	102,131
Over/under provision in prior year	(2,272)	-
Total current tax	<u>128,917</u>	<u>102,131</u>
Deferred tax:		
Origination and reversal of timing differences	14,111	39,034
Tax on profit on ordinary activities	<u>143,028</u>	<u>141,165</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2011

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 26% (2010 - 28%).

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>533,720</u>	<u>465,520</u>
Profit on ordinary activities by rate of tax	138,767	130,346
Capital allowances for period in excess of depreciation	79,833	63,600
Tax chargeable at other rates	2,561	(2,228)
Adjustments to tax charge in respect of previous periods	(2,272)	-
Finance lease capital repayments	<u>(89,972)</u>	<u>(89,587)</u>
Total current tax (note 9(a))	<u>128,917</u>	<u>102,131</u>

10. Dividends

Equity dividends

	2011 £	2010 £
Paid during the year:		
Dividends on equity shares	<u>-</u>	<u>164,400</u>

11. Intangible fixed assets

	Goodwill £
Cost	
Additions	<u>25,002</u>
At 31st December 2011	<u>25,002</u>
Amortisation	
Charge for the year	<u>9,375</u>
At 31st December 2011	<u>9,375</u>
Net book value	
At 31st December 2011	<u>15,627</u>
At 31st December 2010	<u>-</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2011

12. Tangible fixed assets

	Land and Buildings Freehold £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Computer Equipment £	Investment Property £	Total £
Cost or valuation						
At 1 Jan 2011	5,985,776	337,212	2,232,104	1,096,508	111,500	9,763,100
Additions	43,665	8,592	50,358	106,635	–	209,250
Disposals	–	(103,282)	(252,862)	–	–	(356,144)
Revaluation	(779,441)	–	–	–	–	(779,441)
At 31 Dec 2011	<u>5,250,000</u>	<u>242,522</u>	<u>2,029,600</u>	<u>1,203,143</u>	<u>111,500</u>	<u>8,836,765</u>
Depreciation						
At 1 Jan 2011	279,101	187,193	470,520	732,690	44,600	1,714,104
Charge for the year	82,048	37,236	348,797	147,373	22,300	637,754
On disposals	–	(91,128)	(156,276)	–	–	(247,404)
Revaluation adjustment	(361,149)	–	–	–	–	(361,149)
At 31 Dec 2011	<u>–</u>	<u>133,301</u>	<u>663,041</u>	<u>880,063</u>	<u>66,900</u>	<u>1,743,305</u>
Net book value						
At 31 Dec 2011	<u>5,250,000</u>	<u>109,222</u>	<u>1,366,559</u>	<u>323,079</u>	<u>44,600</u>	<u>7,093,460</u>
At 31 Dec 2010	<u>5,706,673</u>	<u>150,020</u>	<u>1,761,584</u>	<u>363,819</u>	<u>66,900</u>	<u>8,048,996</u>

The land and buildings at both Milburn Road and Victoria Road was revalued in December 2011. The revaluation was carried out by an independent surveyor, Louis Taylor. Milburn Road was revalued at £900,000 and Victoria Road was revalued at £4,350,000 on an "existing use basis".

Hire purchase and finance lease agreements

Included within the net book value of £7,093,460 is £9,112 (2010 - £12,149) relating to assets held under hire purchase agreements, and £1,355,326 (2010 - £1,744,931) 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 £3,037 (2010 - £4,050), and £339,606 (2010 - £311,033) in respect of assets held under finance lease agreements.

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

13. Investments

	Total £
Cost	
At 1st January 2011 and 31st December 2011	<u>90,065</u>
Net book value	
At 31st December 2011 and 31st December 2010	<u>90,065</u>

The above represents investments as follows: £50 - 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. Also, £90,015 - 37% of the ordinary share capital of Pascalle Limited - a company incorporated in the U.K. The principal activity of this company is the manufacture of cosmetic products.

14. Stocks

	2011 £	2010 £
Stock of fuel	<u>8,794</u>	<u>6,113</u>

15. Debtors

	2011 £	2010 £
Trade debtors	3,886,656	2,743,525
Amounts owed by group undertakings	27,329	27,329
Amounts owed by undertakings in which the company has a participating interest	807,852	716,099
Other debtors	—	4,475
Prepayments and accrued income	645,096	414,334
	<u>5,366,933</u>	<u>3,905,762</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2011

16. Creditors: amounts falling due within one year

	2011	2010
	£	£
Bank loan	2,200,000	300,000
Trade creditors	767,883	701,727
Amounts owed to group undertakings	2,578,826	1,881,659
Corporation tax	131,188	102,175
Other taxation and social security	414,607	242,719
Hire purchase and finance lease agreements	365,627	440,144
Other creditors	92,490	—
Invoice discounting creditor	1,087,421	1,177,201
Directors' loan account	39,156	64,939
Accruals and deferred income	760,645	604,358
	<u>8,437,843</u>	<u>5,514,922</u>

The bank loan, invoice discounting creditor, hire purchase and finance lease agreements (as per notes 16 & 17) 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.

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

	2011	2010
	£	£
Bank loan	—	2,200,000
Hire purchase and finance lease agreements	991,293	1,312,089
Directors' loan account	500,000	500,000
	<u>1,491,293</u>	<u>4,012,089</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

18. Commitments under hire purchase and finance lease agreements

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

	2011	2010
	£	£
Amounts payable within 1 year	655,869	676,347
Amounts payable between 2 to 5 years	1,564,875	2,267,956
	<u>2,220,744</u>	<u>2,944,303</u>
Less interest and finance charges relating to future periods	(863,824)	(1,192,070)
	<u>1,356,920</u>	<u>1,752,233</u>
Hire purchase and finance lease agreements are analysed as follows:		
Current obligations	365,627	440,144
Non-current obligations	991,293	1,312,089
	<u>1,356,920</u>	<u>1,752,233</u>

19. Deferred taxation

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

	2011	2010
	£	£
Provision brought forward	171,805	132,771
Profit and loss account movement arising during the year	14,111	39,034
Provision carried forward	<u>185,916</u>	<u>171,805</u>

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

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	185,916	171,805
	<u>185,916</u>	<u>171,805</u>

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20. Government grants

	2011	2010
	£	£
Received and receivable:		
At 1st January 2011	178,000	178,000
At 31st December 2011	<u>178,000</u>	<u>178,000</u>
Amortisation:		
At 1st January 2011	50,796	41,832
Credit to profit and loss account	8,964	8,964
At 31st December 2011	<u>59,760</u>	<u>50,796</u>
 Net balance at 31st December 2011	 <u>118,240</u>	 <u>127,204</u>

21. Commitments under operating leases

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

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	75,428	27,000	-
Within 2 to 5 years	-	204,048	-	120,575
	<u>-</u>	<u>279,476</u>	<u>27,000</u>	<u>120,575</u>

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Notes to the financial statements

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22. Related party 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 I. Andrews was £539,156 (2010:£564,939). Interest of £60,826 was paid during the year and written confirmation is held that £500,000 of the total liability will be repaid within one year of the balance sheet date.

During the year, goods and services totalling £18,581 (2010:£32,157) were invoiced to Crazy Popular Products Limited, a company of which 50% of the issued share capital is owned by Dee Set Logistics Limited and of which I. Andrews is a director. £Nil goods and services were received from Crazy Popular Products Limited during the year (2010:£1,078). At 31st December 2011 a sales ledger balance of £Nil (2010:£4,034) was due to Dee Set Logistics Limited.

At the balance sheet date, the outstanding loan balance due from Crazy Popular Products Limited was £689,345 (2010:£595,864). A provision of £413,357 has been made against this amount due to anticipated irrecoverability of the loan, following the cessation of trade in Crazy Popular Products Limited.

Dee Set Logistics Limited owns 110 of the 300 issued £1 ordinary share capital of Pascalle Limited and I. Andrews and W. Latham are directors. Rent and other costs recharged to Pascalle Limited totalled £161,135 (2010:£96,504). At the balance sheet date, Pascalle Limited owed £204,126 to Dee Set Logistics Limited (2010:£182,013).

23. Share capital

Allotted, called up and fully paid:

	2011		2010	
	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>

24. Revaluation reserve

	2011	2010
	£	£
Balance brought forward	601,552	601,552
Revaluation of fixed assets	<u>(418,292)</u>	<u>—</u>
Balance carried forward	<u>183,260</u>	<u>601,552</u>

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Notes to the financial statements

Year ended 31st December 2011

25. Profit and loss account

	2011 £	2010 £
Balance brought forward	1,830,823	1,670,868
Profit for the financial year	390,692	324,355
Equity dividends	—	(164,400)
Balance carried forward	<u>2,221,515</u>	<u>1,830,823</u>

26. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	390,692	324,355
Other net recognised gains and losses	(418,292)	—
Equity dividends	—	(164,400)
Net (reduction)/addition to shareholders' funds	(27,600)	159,955
Opening shareholders' funds	<u>2,522,375</u>	<u>2,362,420</u>
Closing shareholders' funds	<u>2,494,775</u>	<u>2,522,375</u>

27. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	904,021	852,768
Amortisation	9,375	—
Depreciation	637,754	602,010
Loss on disposal of fixed assets	8,078	8,922
Amortisation of government grants	(8,964)	(8,964)
(Increase)/decrease in stocks	(2,681)	8,306
Increase in debtors	(1,461,171)	(675,194)
Increase in creditors	<u>1,187,235</u>	<u>1,464,476</u>
Net cash inflow from operating activities	<u>1,273,647</u>	<u>2,252,324</u>

Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	593	519
Interest paid	(247,521)	(253,004)
Interest element of hire purchase and finance lease	<u>(126,620)</u>	<u>(127,460)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(373,548)</u>	<u>(379,945)</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2011

27. Notes to the cash flow statement (continued)

Taxation

	2011 £	2010 £
Taxation	(99,904)	(58,356)

Capital expenditure

	2011 £	2010 £
Payments to acquire intangible fixed assets	(25,002)	—
Payments to acquire tangible fixed assets	(209,250)	(545,695)
Receipts from sale of fixed assets	50,663	—
Net cash outflow from capital expenditure	(183,589)	(545,695)

Acquisitions and disposals

	2011 £	2010 £
Acquire investments in participating interests	—	(90,015)
Net cash outflow from acquisitions and disposals	—	(90,015)

Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
(Decrease)/increase in cash in the period	(144,271)	34,500
Net cash outflow from bank loans	300,000	300,000
Net outflow from other short-term creditors	25,783	1,441
Cash outflow in respect of hire purchase and finance lease	345,314	293,651
Invoice discounting repayments	89,780	384,321
Change in net debt resulting from cash flows	616,606	1,013,913
New finance leases	49,999	(1,030,430)
Movement in net debt in the period	666,605	(16,517)
Net debt at 1 January 2011	(5,696,914)	(5,680,397)
Net debt at 31 December 2011	(5,030,309)	(5,696,914)

Dee Set Logistics Limited
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27. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 Jan 2011 £	Cash flows £	Other changes £	At 31 Dec 2011 £
Net cash:				
Cash in hand and at bank	297,459	(144,271)	—	153,188
Invoice discounting	(1,177,201)	89,780	—	(1,087,421)
	<u>(879,742)</u>	<u>(54,491)</u>	<u>—</u>	<u>(934,233)</u>
Debt:				
Debt due within 1 year	(364,939)	25,783	(1,900,000)	(2,239,156)
Debt due after 1 year	(2,700,000)	300,000	1,900,000	(500,000)
Hire purchase and finance lease agreements	(1,752,233)	345,314	49,999	(1,356,920)
	<u>(4,817,172)</u>	<u>671,097</u>	<u>49,999</u>	<u>(4,096,076)</u>
Net debt	<u>(5,696,914)</u>	<u>616,606</u>	<u>49,999</u>	<u>(5,030,309)</u>

28. 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% (2010:61%) 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 I. Andrews.