

COMPANY REGISTRATION NUMBER SC208421

Dee Set Logistics Limited

Financial statements

Year ended

31st December 2012



Dee Set Logistics Limited

Financial statements

Year ended 31st December 2012

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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 2HX

Dee Set Logistics Limited

The directors' report

Year ended 31st December 2012

The directors present their report and the financial statements of the company for the year ended 31st December 2012.

Principal activities and business review

Dee Set Logistics Limited is a subsidiary of Retail Solutions (Holdings) Limited. The group provides consolidated supply chain solutions to both the UK's retailers and their suppliers - the aim being to provide services that are attractive to both parties. The focus remains the improvement of in-store product availability to thereby maximise sales.

The principal activities of the Company, Dee Set Logistics Limited, involve the provision of Distribution and in-store Merchandising services. Group Fulfilment activities are transacted through Dee Set Confectionery Limited (the supply of product for resale involving consolidated stock management, order processing, pick and pack operations).

The Company's delivery fleet distributes 60,000 store consignments each week into the retailer networks (both product for resale and store merchandising materials).

The field Merchandising team now numbers 2,300 employees whose activities surround product order preparation & processing, receipt & shelf replenishment / presentation, tactical merchandising, store audit, and store re-fit services. Whilst historically the focus was in support of the Health & Beauty and Impulse sectors, the field team now includes specialist teams dedicated to Store Re-fit & Development, and Clothing merchandising.

The Company's turnover increased by 28% in 2012 to £28,858,444 (2011 : £22,633,186), the growth primarily in new field Merchandising activities.

Gross profits were reported at £9,704,773, 34% (2011 : £7,747,512, 34%). Profit before interest and taxation was reported at £1,530,058 (2011 : £904,021).

Retained profits for the financial year at £885,847 increased Net Assets to £3,181,556. Net cash inflow from operating activities was £1,776,238 (2011 : £1,273,647).

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

Outlook

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

Of note, the company's commitment in recent years to drive the use of latest technologies has created a point of difference. Platforms are in place to facilitate for example field communications, work allocation and briefing, product ordering & replenishment, stock checking, audit and tactical merchandising. The investments are aligned to the company's strategies and have ensured the business is very well placed to support further new business in 2013.

Early 2013 results show continuing growth in turnover, margins and net assets. All key financial measures are ahead of 2012 and in line with the company's budgets.

The Board remains confident about the future pipeline of activity and the businesses growth strategy.

Dee Set Logistics Limited

The directors' report

Year ended 31st December 2012

Results and dividends

The profit for the year, after taxation, amounted to £885,847. Particulars of dividends paid are detailed in note 11 to the financial statements.

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 year.

Dee Set Logistics Limited

The directors' report *(continued)*

Year ended 31st December 2012

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 17th May 2013

Dee Set Logistics Limited

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

Year ended 31st December 2012

We have audited the financial statements of Dee Set Logistics Limited for the year ended 31st December 2012. 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 page 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 the 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 2012 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 2012

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 FCA (Senior
Statutory Auditor)
For and on behalf of
HARDINGS
Chartered Accountants
& Statutory Auditor

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

17th May 2013

Dee Set Logistics Limited

Profit and loss account

Year ended 31st December 2012

	Note	2012 £	2011 £
Turnover	2	28,858,444	22,633,186
Cost of sales		(19,153,671)	(14,885,674)
Gross profit		<u>9,704,773</u>	<u>7,747,512</u>
Administrative expenses		(8,311,690)	(6,977,030)
Other operating income	3	136,975	133,539
Operating profit	4	<u>1,530,058</u>	<u>904,021</u>
Interest receivable and similar income	7	—	593
Amounts written off investments	8	(50)	—
Interest payable and similar charges	9	(338,842)	(370,894)
Profit on ordinary activities before taxation		<u>1,191,166</u>	<u>533,720</u>
Tax on profit on ordinary activities	10	(305,319)	(143,028)
Profit for the financial year		<u><u>885,847</u></u>	<u><u>390,692</u></u>

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

The notes on pages 11 to 24 form part of these financial statements.

Dee Set Logistics Limited
Statement of total recognised gains and losses
Year ended 31st December 2012

	2012 £	2011 £
Profit for the financial year attributable to the shareholders	885,847	390,692
Unrealised loss on revaluation of certain fixed assets	—	(418,292)
Total gains and losses recognised since the last annual report	<u>885,847</u>	<u>(27,600)</u>

The notes on pages 11 to 24 form part of these financial statements.

Dee Set Logistics Limited

Balance sheet

31st December 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	12	3,127	15,627
Tangible assets	13	6,887,988	7,093,460
Investments	14	209,105	90,065
		<u>7,100,220</u>	<u>7,199,152</u>
Current assets			
Stocks	15	252,724	8,794
Debtors	16	6,254,555	5,366,933
Cash at bank and in hand		808,355	153,188
		<u>7,315,634</u>	<u>5,528,915</u>
Creditors: amounts falling due within one year	17	<u>(8,169,391)</u>	<u>(8,437,843)</u>
Net current liabilities		(853,757)	(2,908,928)
Total assets less current liabilities		<u>6,246,463</u>	<u>4,290,224</u>
Creditors: amounts falling due after more than one year	18	(2,769,277)	(1,491,293)
Provisions for liabilities			
Deferred taxation	20	(186,354)	(185,916)
Government grants	21	(109,276)	(118,240)
Net assets		<u>3,181,556</u>	<u>2,494,775</u>
Capital and reserves			
Called-up equity share capital	24	90,000	90,000
Revaluation reserve	25	178,427	183,260
Profit and loss account	26	2,913,129	2,221,515
Shareholders' funds	27	<u>3,181,556</u>	<u>2,494,775</u>

These financial statements were approved by the directors and authorised for issue on 17th May 2013, and are signed on their behalf by:

I. Andrews



W. Latham



S. Machin



Company Registration Number: SC208421

The notes on pages 11 to 24 form part of these financial statements.

Dee Set Logistics Limited

Cash flow statement

Year ended 31st December 2012

		2012	2011
	Note	£	£
Net cash inflow from operating activities	28	1,776,238	1,273,647
Returns on investments and servicing of finance	28	(344,548)	(373,548)
Taxation	28	(131,189)	(99,904)
Capital expenditure and financial investment	28	(495,208)	(183,589)
Acquisitions and disposals	28	(119,090)	-
Equity dividends paid		(199,066)	-
Cash inflow before financing		487,137	616,606
Financing			
Repayment of bank loans		(300,000)	(300,000)
Net inflow/(outflow) from other short-term creditors		11,050	(25,783)
Capital element of hire purchase and finance lease		(327,083)	(345,314)
Invoice discounting advances/(repayments)		68,840	(89,780)
Net cash outflow from financing		(547,193)	(760,877)
Decrease in cash	28	(60,056)	(144,271)

The notes on pages 11 to 24 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

1.2 Turnover

1.3 Amortisation

Goodwill - Straight line over 2 years

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.

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

1.7 Stocks

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Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

1. Accounting policies *(continued)*

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.

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.

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

1. Accounting policies *(continued)*

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.

2. Turnover

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

	2012 £	2011 £
United Kingdom	28,821,087	22,633,186
Europe	37,357	-
	<u>28,858,444</u>	<u>22,633,186</u>

3. Other operating income

	2012 £	2011 £
Rent receivable	128,011	124,575
Government grants	8,964	8,964
	<u>136,975</u>	<u>133,539</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	2012 £	2011 £
Amortisation of government grants	(8,964)	(8,964)
Amortisation of intangible assets	12,500	9,375
Depreciation of owned fixed assets	336,384	295,111
Depreciation of assets held under hire purchase and finance lease agreements	325,683	342,643
Loss on disposal of fixed assets	69	8,078
Auditor's remuneration		
- as auditor	15,500	15,500
Operating lease costs:		
- land & buildings	25,800	24,549
- motor vehicles	<u>271,078</u>	<u>233,446</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2012

5. Particulars of employees

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

	2012	2011
	No	No
Staff (including directors)	<u>1,972</u>	<u>1,426</u>

The aggregate payroll costs of the above were:

	2012	2011
	£	£
Wages and salaries	16,813,757	12,799,189
Social security costs	1,045,950	844,327
Other pension costs	31,685	37,386
	<u>17,891,392</u>	<u>13,680,902</u>

6. Directors' remuneration

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

	2012	2011
	£	£
Remuneration receivable	463,043	362,734
Value of company pension contributions to money purchase schemes	29,818	24,837
	<u>492,861</u>	<u>387,571</u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	113,269	97,745
Value of company pension contributions to money purchase schemes	15,435	14,385
	<u>128,704</u>	<u>112,130</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2012

7. Interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	—	589
Other similar income receivable	—	4
	<u>—</u>	<u>593</u>

8. Amounts written off investments

	2012 £	2011 £
Amount written off investments	50	—
	<u>50</u>	<u>—</u>

9. Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdraft	116,273	138,572
Directors' loan account	54,621	60,826
Finance lease and hire purchase contracts	115,639	126,620
Invoice discounting interest	52,309	44,876
	<u>338,842</u>	<u>370,894</u>

10. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	304,881	131,189
Over/under provision in prior year	—	(2,272)
Total current tax	<u>304,881</u>	<u>128,917</u>
Deferred tax:		
Origination and reversal of timing differences	438	14,111
Tax on profit on ordinary activities	<u>305,319</u>	<u>143,028</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

10. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 – 26.49%).

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>1,191,166</u>	<u>533,720</u>
Profit on ordinary activities by rate of tax	291,803	141,399
Expenses not deductible for tax purposes	3,048	-
Capital allowances for period in excess of depreciation	88,226	79,833
Tax chargeable at other rates	-	(71)
Adjustments to tax charge in respect of previous periods	-	(2,272)
Finance lease capital repayments	<u>(78,196)</u>	<u>(89,972)</u>
Total current tax (note 10(a))	<u>304,881</u>	<u>128,917</u>

11. Dividends

Equity dividends

	2012 £	2011 £
Paid during the year:		
Dividends on equity shares	<u>199,066</u>	<u>-</u>

12. Intangible fixed assets

	Goodwill £
Cost	
At 1st January 2012 and 31st December 2012	<u>25,002</u>
Amortisation	
At 1st January 2012	9,375
Charge for the year	<u>12,500</u>
At 31st December 2012	<u>21,875</u>
Net book value	
At 31st December 2012	<u>3,127</u>
At 31st December 2011	<u>15,627</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

13. Tangible fixed assets

	Land and Buildings Freehold £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Computer Equipment £	Investment Property £	Total £
Cost or valuation						
At 1 Jan 2012	5,250,000	242,522	2,029,600	1,203,143	111,500	8,836,765
Additions	109,666	12,000	247,740	127,296	–	496,702
Disposals	–	–	(148,011)	–	–	(148,011)
At 31 Dec 2012	<u>5,359,666</u>	<u>254,522</u>	<u>2,129,329</u>	<u>1,330,439</u>	<u>111,500</u>	<u>9,185,456</u>
Depreciation						
At 1 Jan 2012	–	133,301	663,041	880,063	66,900	1,743,305
Charge for the year	88,413	60,022	335,059	156,274	22,299	662,067
On disposals	–	–	(107,904)	–	–	(107,904)
At 31 Dec 2012	<u>88,413</u>	<u>193,323</u>	<u>890,196</u>	<u>1,036,337</u>	<u>89,199</u>	<u>2,297,468</u>
Net book value						
At 31 Dec 2012	<u>5,271,253</u>	<u>61,199</u>	<u>1,239,133</u>	<u>294,102</u>	<u>22,301</u>	<u>6,887,988</u>
At 31 Dec 2011	<u>5,250,000</u>	<u>109,221</u>	<u>1,366,559</u>	<u>323,080</u>	<u>44,600</u>	<u>7,093,460</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 £6,887,988 is £2,633 (2011 - £9,112) relating to assets held under hire purchase agreements, and £997,578 (2011 - £1,355,326) 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 £6,479 (2011 - £3,037), and £319,204 (2011 - £339,606) in respect of assets held under finance lease agreements.

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2012

14. Investments

	Total £
Cost	
At 1st January 2012	90,065
Additions	119,090
At 31st December 2012	<u>209,155</u>
Amounts written off	
Written off in year	50
At 31st December 2012	<u>50</u>
Net book value	
At 31st December 2012	<u>209,105</u>
At 31st December 2011	<u>90,065</u>

The above represents investments as follows: £50 – written off the investment in Crazy Popular Products Limited - a company incorporated in the U.K. The company is expected to cease trade in the near future. Also, £209,105 – 68.3% (2011: £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.

15. Stocks

	2012 £	2011 £
Stock of fuel	8,119	8,794
Store fittings	244,605	–
	<u>252,724</u>	<u>8,794</u>

16. Debtors

	2012 £	2011 £
Trade debtors	4,794,100	3,886,656
Amounts owed by group undertakings	235,389	27,329
Amounts owed by undertakings in which the company has a participating interest	504,427	807,852
Other debtors	252	–
Prepayments and accrued income	720,387	645,096
	<u>6,254,555</u>	<u>5,366,933</u>

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2012

17. Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	1,015,223	2,200,000
Trade creditors	1,218,061	767,883
Amounts owed to group undertakings	2,276,352	2,578,826
Corporation tax	304,880	131,188
Other taxation and social security	573,910	414,607
Hire purchase and finance lease agreements	322,016	365,627
Other creditors	102,145	92,490
Invoice discounting creditor	1,156,261	1,087,421
Directors' loan accounts	50,206	39,156
Accruals and deferred income	1,150,337	760,645
	<u>8,169,391</u>	<u>8,437,843</u>

The bank loans, overdraft, invoice discounting creditor, hire purchase and finance lease agreements (as per notes 17 & 18) 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.

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

	2012	2011
	£	£
Bank loans	1,600,000	—
Hire purchase and finance lease agreements	669,277	991,293
Directors' loan accounts	500,000	500,000
	<u>2,769,277</u>	<u>1,491,293</u>

The securities for bank loans, hire purchase and finance lease agreements due after more than one year are as detailed above.

Dee Set Logistics Limited
Notes to the financial statements
Year ended 31st December 2012

19. Commitments under hire purchase and finance lease agreements

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

	2012	2011
	£	£
Amounts payable within 1 year	593,654	655,869
Amounts payable between 2 to 5 years	971,221	1,564,875
	<u>1,564,875</u>	<u>2,220,744</u>
Less interest and finance charges relating to future periods	(573,582)	(863,824)
	<u>991,293</u>	<u>1,356,920</u>
Hire purchase and finance lease agreements are analysed as follows:		
Current obligations	322,016	365,627
Non-current obligations	669,277	991,293
	<u>991,293</u>	<u>1,356,920</u>

20. Deferred taxation

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

	2012	2011
	£	£
Provision brought forward	185,916	171,805
Profit and loss account movement arising during the year	438	14,111
Provision carried forward	<u>186,354</u>	<u>185,916</u>

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

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	186,354	185,916
	<u>186,354</u>	<u>185,916</u>

Dee Set Logistics Limited
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Year ended 31st December 2012

21. Government grants

	2012 £	2011 £
Received and receivable:		
At 1st January 2012	178,000	178,000
At 31st December 2012	<u>178,000</u>	<u>178,000</u>
Amortisation:		
At 1st January 2012	59,760	50,796
Credit to profit and loss account	<u>8,964</u>	<u>8,964</u>
At 31st December 2012	<u>68,724</u>	<u>59,760</u>
Net balance at 31st December 2012	<u>109,276</u>	<u>118,240</u>

22. Commitments under operating leases

At 31st December 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings 2012 £	2011 £
Operating leases which expire:		
Within 1 year	116,779	75,428
Within 2 to 5 years	<u>179,010</u>	<u>204,048</u>
	<u>295,789</u>	<u>279,476</u>

23. 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 £550,206 (2011:£539,156). Interest of £54,621 was charged during the year and written confirmation is held that £500,000 of the total liability will not be repaid within one year of the balance sheet date.

At the balance sheet date, an outstanding loan balance was due from Crazy Popular Products Limited £504,427 (2011:£689,345), 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. A total provision of £422,849 (2011:£413,357) has been made against this amount due to anticipated irrecoverability of the loan, due to the expected cessation of trade in Crazy Popular Products Limited.

Dee Set Logistics Limited owns 68.3% (2011:37%) of the 300 issued £1 ordinary share capital of Pascalle Limited and I. Andrews, W. Latham and S. Machin are directors. Rent and other costs recharged to Pascalle Limited totalled £235,980 (2011:£161,135). At the balance sheet date, Pascalle Limited owed £208,060 to Dee Set Logistics Limited (2011:£204,126).

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Notes to the financial statements

Year ended 31st December 2012

24. Share capital

Allotted, called up and fully paid:

	2012		2011	
	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>

25. Revaluation reserve

	2012	2011
	£	£
Balance brought forward	183,260	601,552
Revaluation of fixed assets	–	(418,292)
Transfer to the Profit and Loss Account	(4,833)	–
Balance carried forward	<u>178,427</u>	<u>183,260</u>

26. Profit and loss account

	2012	2011
	£	£
Balance brought forward	2,221,515	1,830,823
Profit for the financial year	885,847	390,692
Equity dividends	(199,066)	–
Transfer from revaluation reserve	4,833	–
Balance carried forward	<u>2,913,129</u>	<u>2,221,515</u>

27. Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	885,847	390,692
Other net recognised gains and losses	–	(418,292)
Equity dividends	(199,066)	–
Transfer from revaluation reserve	4,833	–
Transfer to profit and loss account	(4,833)	–
Net addition/(reduction) to shareholders' funds	686,781	(27,600)
Opening shareholders' funds	<u>2,494,775</u>	<u>2,522,375</u>
Closing shareholders' funds	<u>3,181,556</u>	<u>2,494,775</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

28. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	1,530,058	904,021
Amortisation	12,500	9,375
Depreciation	662,067	637,754
Loss on disposal of fixed assets	69	8,078
Amortisation of government grants	(8,964)	(8,964)
Increase in stocks	(243,930)	(2,681)
Increase in debtors	(887,622)	(1,461,171)
Increase in creditors	712,060	1,187,235
Net cash inflow from operating activities	<u>1,776,238</u>	<u>1,273,647</u>

Returns on investments and servicing of finance

	2012 £	2011 £
Interest received	—	593
Interest paid	(228,909)	(247,521)
Interest element of hire purchase and finance lease	(115,639)	(126,620)
Net cash outflow from returns on investments and servicing of finance	<u>(344,548)</u>	<u>(373,548)</u>

Taxation

	2012 £	2011 £
Taxation	<u>(131,189)</u>	<u>(99,904)</u>

Capital expenditure

	2012 £	2011 £
Payments to acquire intangible fixed assets	—	(25,002)
Payments to acquire tangible fixed assets	(496,702)	(209,250)
Receipts from sale of fixed assets	1,494	50,663
Net cash outflow from capital expenditure	<u>(495,208)</u>	<u>(183,589)</u>

Acquisitions and disposals

	2012 £	2011 £
Acquire investments in group undertakings	(119,090)	—
Net cash outflow from acquisitions and disposals	<u>(119,090)</u>	<u>—</u>

Dee Set Logistics Limited

Notes to the financial statements

Year ended 31st December 2012

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

Reconciliation of net cash flow to movement in net debt

	2012		2011	
	£	£	£	£
Decrease in cash in the period	(60,056)		(144,271)	
Net cash outflow from bank loans	300,000		300,000	
Net (inflow) from/outflow from other short-term creditors	(11,050)		25,783	
Cash outflow in respect of hire purchase and finance lease	327,083		345,314	
Invoice discounting (advances)/repayments	<u>(68,840)</u>		<u>89,780</u>	
Change in net debt resulting from cash flows		487,137		616,606
New finance leases		38,544		49,999
Movement in net debt in the period		<u>525,681</u>		<u>666,605</u>
Net debt at 1 January 2012		(5,030,309)		(5,696,914)
Net debt at 31 December 2012		<u>(4,504,628)</u>		<u>(5,030,309)</u>

Analysis of changes in net debt

	At 1 Jan 2012 £	Cash flows £	Other changes £	At 31 Dec 2012 £
Net cash:				
Cash in hand and at bank	153,188	655,167	–	808,355
Overdraft	–	(715,223)	–	(715,223)
Invoice discounting	(1,087,421)	(68,840)	–	(1,156,261)
	<u>(934,233)</u>	<u>(128,896)</u>	<u>–</u>	<u>(1,063,129)</u>
Debt:				
Debt due within 1 year	(2,239,156)	288,950	1,600,000	(350,206)
Debt due after 1 year	(500,000)	–	(1,600,000)	(2,100,000)
Hire purchase and finance lease agreements	(1,356,920)	327,083	38,544	(991,293)
	<u>(4,096,076)</u>	<u>616,033</u>	<u>38,544</u>	<u>(3,441,499)</u>
Net debt	<u>(5,030,309)</u>	<u>487,137</u>	<u>38,544</u>	<u>(4,504,628)</u>

29. 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 62.50% (2011:61%) 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.