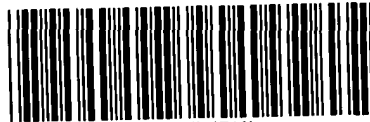


**Strategic Report, Directors' Report and  
Financial Statements for the Year Ended 31st December 2016**  
for  
**Dee Set Logistics Limited**

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for the Year Ended 31st December 2016**

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**Dee Set Logistics Limited**

**Company Information  
for the Year Ended 31st December 2016**

**Directors:**

I D Andrews  
S J Machin  
G A Phillips

**Secretary:**

S J Machin

**Registered office:**

Collins House  
Rutland Square  
Edinburgh  
Midlothian  
EH1 2AA

**Registered number:**

SC208421 (Scotland)

**Auditors:**

Hardings  
Chartered Accountants & Statutory Auditor  
6 Marsh Parade  
Newcastle-under-Lyme  
Staffordshire  
ST5 1DU

**Strategic Report  
for the Year Ended 31st December 2016**

The directors present their strategic report for the year ended 31st December 2016.

**Review of business**

Dee Set Logistics Limited is a wholly owned subsidiary of Retail Solutions (Holdings) Limited. The group's aim is to provide services that add value to both retailers and their suppliers - through efficient and simplified end-to-end processes designed to improve in-store product availability and thereby maximise sales opportunities.

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

The Company's delivery fleet distributes two million store consignments annually into the retailer networks (both product for resale and store merchandising materials).

The field Merchandising team now numbers 3,100 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 rose by £992k, 2.4% in 2016 to £41,484,354 (2015: £40,492,032).

Gross profits fell to £13,161,783, 32% (2015: £13,805,883, 34%). Profit before interest and taxation was reported at £1,076,589.

Cash inflow from operating activities was £2,553,280 for the year (2015: £4,509,347).

The Company's 2016 results were encouraging given the challenging retail environment and mindful of the underlying increases in employment costs.

**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 2017.

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

**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.

**Strategic Report  
for the Year Ended 31st December 2016**

**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.

**On behalf of the board:**

A handwritten signature in black ink, appearing to be 'S J Machin', written over a horizontal line.

S J Machin - Director

13th June 2017

**Directors' Report  
for the Year Ended 31st December 2016**

The directors present their report with the financial statements of the company for the year ended 31st December 2016.

**Dividends**

Information relating to dividends paid is given in the notes to the financial statements.

**Directors**

The directors holding office during the year were as follows:

I D Andrews  
S J Machin  
G A Phillips

**Disclosure in the strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 these 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.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Hardings, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**



S J Machin - Director

13th June 2017

## **Report of the Independent Auditors to the Members of Dee Set Logistics Limited**

We have audited the financial statements of Dee Set Logistics Limited for the year ended 31st December 2016 on pages six to twenty two. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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

13th June 2017

**Income Statement  
for the Year Ended 31st December 2016**

|                                       | Notes | 31/12/16<br>£         | 31/12/15<br>£           |
|---------------------------------------|-------|-----------------------|-------------------------|
| <b>Turnover</b>                       | 3     | 41,484,354            | 40,492,032              |
| Cost of sales                         |       | <u>28,322,571</u>     | <u>26,686,149</u>       |
| <b>Gross profit</b>                   |       | 13,161,783            | 13,805,883              |
| Administrative expenses               |       | <u>11,928,934</u>     | <u>11,987,171</u>       |
|                                       |       | 1,232,849             | 1,818,712               |
| Other operating income                | 4     | <u>19,975</u>         | <u>103,553</u>          |
| <b>Operating profit</b>               | 7     | 1,252,824             | 1,922,265               |
| Interest payable and similar expenses | 8     | <u>176,235</u>        | <u>221,861</u>          |
| <b>Profit before taxation</b>         |       | 1,076,589             | 1,700,404               |
| Tax on profit                         | 9     | <u>260,989</u>        | <u>157,253</u>          |
| <b>Profit for the financial year</b>  |       | <u><u>815,600</u></u> | <u><u>1,543,151</u></u> |

**Other Comprehensive Income  
for the Year Ended 31st December 2016**

|                                         | Notes | 31/12/16<br>£  | 31/12/15<br>£    |
|-----------------------------------------|-------|----------------|------------------|
| Profit for the year                     |       | 815,600        | 1,543,151        |
| Other comprehensive income              |       | -              | -                |
| Total comprehensive income for the year |       | <u>815,600</u> | <u>1,543,151</u> |

**Balance Sheet**  
**31st December 2016**

|                                              | Notes | 31/12/16<br>£           | 31/12/15<br>£           |
|----------------------------------------------|-------|-------------------------|-------------------------|
| <b>Fixed assets</b>                          |       |                         |                         |
| Intangible assets                            | 11    | -                       | -                       |
| Tangible assets                              | 12    | 1,260,775               | 1,254,944               |
| Investments                                  | 13    | 209,105                 | 209,105                 |
| Investment property                          | 14    | -                       | -                       |
|                                              |       | <u>1,469,880</u>        | <u>1,464,049</u>        |
| <b>Current assets</b>                        |       |                         |                         |
| Stocks                                       | 15    | 161,622                 | 258,872                 |
| Debtors                                      | 16    | 12,593,273              | 13,705,751              |
| Cash at bank and in hand                     |       | 190,423                 | 692,876                 |
|                                              |       | <u>12,945,318</u>       | <u>14,657,499</u>       |
| <b>Creditors</b>                             |       |                         |                         |
| Amounts falling due within one year          | 17    | 10,123,106              | 10,488,981              |
| <b>Net current assets</b>                    |       | <u>2,822,212</u>        | <u>4,168,518</u>        |
| <b>Total assets less current liabilities</b> |       | <u>4,292,092</u>        | <u>5,632,567</u>        |
| <b>Creditors</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 18    | (417,880)               | (781,069)               |
| <b>Provisions for liabilities</b>            | 21    | (83,101)                | (86,043)                |
| <b>Accruals and deferred income</b>          | 22    | (73,420)                | (82,384)                |
| <b>Net assets</b>                            |       | <u><u>3,717,691</u></u> | <u><u>4,683,071</u></u> |
| <b>Capital and reserves</b>                  |       |                         |                         |
| Called up share capital                      | 23    | 90,000                  | 90,000                  |
| Retained earnings                            | 24    | 3,627,691               | 4,593,071               |
| <b>Shareholders' funds</b>                   | 28    | <u><u>3,717,691</u></u> | <u><u>4,683,071</u></u> |

The financial statements were approved by the Board of Directors on 13th June 2017 and were signed on its behalf by:

I D Andrews - Director



S J Machin - Director



The notes form part of these financial statements

**Statement of Changes in Equity  
for the Year Ended 31st December 2016**

|                                      | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Revaluation<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|--------------------------------------|----------------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| <b>Balance at 1st January 2015</b>   | 90,000                                       | 3,831,382                          | 166,798                              | 4,088,180                     |
| <b>Changes in equity</b>             |                                              |                                    |                                      |                               |
| Dividends                            | -                                            | (948,260)                          | -                                    | (948,260)                     |
| Total comprehensive income           | -                                            | 1,709,949                          | (166,798)                            | 1,543,151                     |
| <b>Balance at 31st December 2015</b> | <u>90,000</u>                                | <u>4,593,071</u>                   | <u>-</u>                             | <u>4,683,071</u>              |
| <b>Changes in equity</b>             |                                              |                                    |                                      |                               |
| Dividends                            | -                                            | (1,780,980)                        | -                                    | (1,780,980)                   |
| Total comprehensive income           | -                                            | 815,600                            | -                                    | 815,600                       |
| <b>Balance at 31st December 2016</b> | <u>90,000</u>                                | <u>3,627,691</u>                   | <u>-</u>                             | <u>3,717,691</u>              |

**Cash Flow Statement  
for the Year Ended 31st December 2016**

|                                                         | Notes | 31/12/16<br>£         | 31/12/15<br>£         |
|---------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>             |       |                       |                       |
| Cash generated from operations                          | 29    | 2,934,961             | 5,056,481             |
| Interest paid                                           |       | (172,903)             | (191,788)             |
| Interest element of hire purchase payments paid         |       | (3,332)               | (30,073)              |
| Tax paid                                                |       | (205,446)             | (325,273)             |
| Net cash from operating activities                      |       | <u>2,553,280</u>      | <u>4,509,347</u>      |
| <b>Cash flows from investing activities</b>             |       |                       |                       |
| Purchase of tangible fixed assets                       |       | (360,071)             | (512,509)             |
| Sale of tangible fixed assets                           |       | 10                    | -                     |
| Net cash from investing activities                      |       | <u>(360,061)</u>      | <u>(512,509)</u>      |
| <b>Cash flows from financing activities</b>             |       |                       |                       |
| Loan repayments in year                                 |       | (225,000)             | (300,000)             |
| Finance lease capital repayments in year                |       | (63,189)              | (215,259)             |
| Movement on directors' loan accounts                    |       | (181,323)             | 52,292                |
| Invoice discounting                                     |       | (445,180)             | (2,122,679)           |
| Equity dividends paid                                   |       | (1,780,980)           | (948,260)             |
| Net cash from financing activities                      |       | <u>(2,695,672)</u>    | <u>(3,533,906)</u>    |
| <b>(Decrease)/increase in cash and cash equivalents</b> |       | <u>(502,453)</u>      | <u>462,932</u>        |
| <b>Cash and cash equivalents at beginning of year</b>   | 30    | <u>692,876</u>        | <u>229,944</u>        |
| <b>Cash and cash equivalents at end of year</b>         | 30    | <u><u>190,423</u></u> | <u><u>692,876</u></u> |

**Notes to the Financial Statements  
for the Year Ended 31st December 2016**

**1. Statutory information**

Dee Set Logistics Limited is a private company, limited by shares, registered in Scotland. The company's registered number is SC208421 and its registered office is Collins House, Rutland Square, Edinburgh, Midlothian, EH1 2AA.

**2. Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when substantially all of the risks and rewards of ownership have passed to the customer.

**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

All goodwill had been fully depreciated by the balance sheet date.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

|                                  |                                                       |
|----------------------------------|-------------------------------------------------------|
| Freehold property                | - Buildings straight line over 50 years               |
| Plant and machinery              | - 20% on cost                                         |
| Fixtures, fittings and equipment | - 25% on cost                                         |
| Motor vehicles                   | - 25% on reducing balance and 20% on reducing balance |
| Computer equipment               | - 25% on cost                                         |

All fixed assets are initially recorded at cost.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016**

**2. Accounting policies - continued**

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a FIFO basis.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**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.

**3. Turnover**

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

|                | 31/12/16          | 31/12/15          |
|----------------|-------------------|-------------------|
|                | £                 | £                 |
| United Kingdom | 41,113,723        | 40,156,024        |
| Europe         | 370,631           | 336,008           |
|                | <u>41,484,354</u> | <u>40,492,032</u> |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

4. Other operating income

|                   | 31/12/16      | 31/12/15       |
|-------------------|---------------|----------------|
|                   | £             | £              |
| Rents received    | 11,011        | 94,589         |
| Government grants | 8,964         | 8,964          |
|                   | <u>19,975</u> | <u>103,553</u> |

5. Employees and directors

|                       | 31/12/16          | 31/12/15          |
|-----------------------|-------------------|-------------------|
|                       | £                 | £                 |
| Wages and salaries    | 27,849,510        | 26,475,319        |
| Social security costs | 1,417,204         | 1,336,086         |
| Other pension costs   | 139,148           | 146,052           |
|                       | <u>29,405,862</u> | <u>27,957,457</u> |

The average monthly number of employees during the year was as follows:

|                             | 31/12/16     | 31/12/15     |
|-----------------------------|--------------|--------------|
| Staff (including directors) | <u>3,353</u> | <u>3,362</u> |

6. Directors' emoluments

|                                                            | 31/12/16 | 31/12/15 |
|------------------------------------------------------------|----------|----------|
|                                                            | £        | £        |
| Directors' remuneration                                    | 508,421  | 557,264  |
| Directors' pension contributions to money purchase schemes | 9,460    | 48,858   |
|                                                            | <u></u>  | <u></u>  |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |          |          |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

|                | 31/12/16       | 31/12/15       |
|----------------|----------------|----------------|
|                | £              | £              |
| Emoluments etc | <u>196,105</u> | <u>166,114</u> |

7. Operating profit

The operating profit is stated after charging:

|                                                  | 31/12/16       | 31/12/15       |
|--------------------------------------------------|----------------|----------------|
|                                                  | £              | £              |
| Depreciation - owned assets                      | 314,570        | 202,084        |
| Depreciation - assets on hire purchase contracts | 39,660         | 138,686        |
| Auditors' remuneration                           | 16,000         | 15,500         |
| Other non-audit services                         | 33,911         | 83,560         |
| Operating lease costs - land and buildings       | 272,007        | 240,016        |
| Operating lease costs - motor vehicles           | <u>783,283</u> | <u>737,295</u> |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

8. Interest payable and similar expenses

|                              | 31/12/16       | 31/12/15       |
|------------------------------|----------------|----------------|
|                              | £              | £              |
| Bank loan interest           | 37,285         | 67,115         |
| Invoice discounting interest | 120,238        | 93,795         |
| Directors' loan interest     | 15,380         | 30,878         |
| Finance lease interest       | 3,332          | 30,073         |
|                              | <u>176,235</u> | <u>221,861</u> |

9. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

|                    | 31/12/16       | 31/12/15       |
|--------------------|----------------|----------------|
|                    | £              | £              |
| Current tax:       |                |                |
| UK corporation tax | 263,931        | 265,282        |
| Deferred tax       | (2,942)        | (108,029)      |
| Tax on profit      | <u>260,989</u> | <u>157,253</u> |

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

|                                                                                             | 31/12/16         | 31/12/15         |
|---------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                             | £                | £                |
| Profit before tax                                                                           | <u>1,076,589</u> | <u>1,700,404</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.246%) | 215,318          | 344,264          |
| Effects of:                                                                                 |                  |                  |
| Expenses not deductible for tax purposes                                                    | 43,845           | 1,921            |
| Capital allowances in excess of depreciation                                                | -                | (170,059)        |
| Depreciation in excess of capital allowances                                                | 1,826            | -                |
| Finance lease capital repayments                                                            | -                | (18,873)         |
| Total tax charge                                                                            | <u>260,989</u>   | <u>157,253</u>   |

10. Dividends

|                            | 31/12/16         | 31/12/15       |
|----------------------------|------------------|----------------|
|                            | £                | £              |
| Ordinary shares of £1 each |                  |                |
| Dividends paid             | <u>1,780,980</u> | <u>948,260</u> |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

11. Intangible fixed assets

|                        | Goodwill<br>£ |
|------------------------|---------------|
| <b>Cost</b>            |               |
| At 1st January 2016    |               |
| and 31st December 2016 | <u>25,002</u> |
| <b>Amortisation</b>    |               |
| At 1st January 2016    |               |
| and 31st December 2016 | <u>25,002</u> |
| <b>Net book value</b>  |               |
| At 31st December 2016  | <u>-</u>      |
| At 31st December 2015  | <u>-</u>      |

12. Tangible fixed assets

|                       | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures,<br>fittings<br>and<br>equipment<br>£ |
|-----------------------|---------------------------|-----------------------------|------------------------------------------------|
| <b>Cost</b>           |                           |                             |                                                |
| At 1st January 2016   | 240,000                   | 84,586                      | 274,929                                        |
| Additions             | <u>-</u>                  | <u>-</u>                    | <u>26,320</u>                                  |
| At 31st December 2016 | <u>240,000</u>            | <u>84,586</u>               | <u>301,249</u>                                 |
| <b>Depreciation</b>   |                           |                             |                                                |
| At 1st January 2016   | 9,201                     | 26,192                      | 265,580                                        |
| Charge for year       | <u>3,800</u>              | <u>16,917</u>               | <u>13,155</u>                                  |
| At 31st December 2016 | <u>13,001</u>             | <u>43,109</u>               | <u>278,735</u>                                 |
| <b>Net book value</b> |                           |                             |                                                |
| At 31st December 2016 | <u>226,999</u>            | <u>41,477</u>               | <u>22,514</u>                                  |
| At 31st December 2015 | <u>230,799</u>            | <u>58,394</u>               | <u>9,349</u>                                   |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

12. Tangible fixed assets - continued

|                       | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£      |
|-----------------------|------------------------|----------------------------|------------------|
| <b>Cost</b>           |                        |                            |                  |
| At 1st January 2016   | 773,556                | 1,832,262                  | 3,205,333        |
| Additions             | 45,726                 | 288,025                    | 360,071          |
| Disposals             | (10)                   | -                          | (10)             |
|                       | <hr/>                  | <hr/>                      | <hr/>            |
| At 31st December 2016 | 819,272                | 2,120,287                  | 3,565,394        |
|                       | <hr/>                  | <hr/>                      | <hr/>            |
| <b>Depreciation</b>   |                        |                            |                  |
| At 1st January 2016   | 190,694                | 1,458,722                  | 1,950,389        |
| Charge for year       | 126,244                | 194,114                    | 354,230          |
|                       | <hr/>                  | <hr/>                      | <hr/>            |
| At 31st December 2016 | 316,938                | 1,652,836                  | 2,304,619        |
|                       | <hr/>                  | <hr/>                      | <hr/>            |
| <b>Net book value</b> |                        |                            |                  |
| At 31st December 2016 | <u>502,334</u>         | <u>467,451</u>             | <u>1,260,775</u> |
| At 31st December 2015 | <u>582,862</u>         | <u>373,540</u>             | <u>1,254,944</u> |

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

Included within the net book value of £1,259,775 is £165,690 (2015 - £205,350) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements was £39,660 (2014 - £45,485).

13. Fixed asset investments

|                                               | Shares in<br>group<br>undertakings<br>£ |
|-----------------------------------------------|-----------------------------------------|
| <b>Cost</b>                                   |                                         |
| At 1st January 2016<br>and 31st December 2016 | <u>209,105</u>                          |
| <b>Net book value</b>                         |                                         |
| At 31st December 2016                         | <u>209,105</u>                          |
| At 31st December 2015                         | <u>209,105</u>                          |

The above represents investments as follows: £209,105 (68.3%) 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.

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

## 14. Investment property

|                                               | Total<br>£ |
|-----------------------------------------------|------------|
| <b>Fair value</b>                             |            |
| At 1st January 2016<br>and 31st December 2016 | 111,500    |
| <b>Depreciation</b>                           |            |
| At 1st January 2016<br>and 31st December 2016 | 111,500    |
| <b>Net book value</b>                         |            |
| At 31st December 2016                         | -          |
| At 31st December 2015                         | -          |

## 15. Stocks

|                | 31/12/16<br>£  | 31/12/15<br>£  |
|----------------|----------------|----------------|
| Stock of fuel  | 7,357          | -              |
| Store fittings | 154,265        | 258,872        |
|                | <u>161,622</u> | <u>258,872</u> |

## 16. Debtors: amounts falling due within one year

|                                    | 31/12/16<br>£     | 31/12/15<br>£     |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 5,902,827         | 6,840,954         |
| Amounts owed by group undertakings | 4,767,422         | 4,951,782         |
| Other debtors                      | 523,038           | 232,174           |
| Directors' loan accounts           | -                 | 24,300            |
| Prepayments and accrued income     | 1,399,986         | 1,656,541         |
|                                    | <u>12,593,273</u> | <u>13,705,751</u> |

Trade debtors are stated net of a bad debt provision of £97,062 (2015: £110,783).

Amounts owed by group undertakings is classified as due within one year as it is repayable on demand. However, there is no expectation of this amount being recovered in the foreseeable future.

## 17. Creditors: amounts falling due within one year

|                                         | 31/12/16<br>£     | 31/12/15<br>£     |
|-----------------------------------------|-------------------|-------------------|
| Bank loans and overdrafts (see note 19) | 375,000           | 300,000           |
| Hire purchase contracts (see note 20)   | 71,520            | 71,520            |
| Trade creditors                         | 1,115,206         | 1,022,084         |
| Amounts owed to group undertakings      | 4,935,279         | 5,244,871         |
| Tax                                     | 163,765           | 105,280           |
| Social security and other taxes         | 1,226,645         | 967,869           |
| Other creditors                         | 25,496            | 1,561             |
| Invoice discounting                     | -                 | 445,180           |
| Directors' loan accounts                | 78,352            | 283,975           |
| Accruals and deferred income            | 2,131,843         | 2,046,641         |
|                                         | <u>10,123,106</u> | <u>10,488,981</u> |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

17. Creditors: amounts falling due within one year - continued

The bank loans and invoice discounting creditor (as per notes 16 & 17 ) are secured by a charge over the assets of the group.

The hire purchase and finance lease creditors are secured against the assets to which they relate.

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.

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

|                                       | 31/12/16       | 31/12/15       |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Bank loans (see note 19)              | 400,000        | 700,000        |
| Hire purchase contracts (see note 20) | 17,880         | 81,069         |
|                                       | <u>417,880</u> | <u>781,069</u> |

19. Loans

An analysis of the maturity of the loans is given below:

|                                                 | 31/12/16       | 31/12/15       |
|-------------------------------------------------|----------------|----------------|
|                                                 | £              | £              |
| Amounts falling due within one year:            |                |                |
| Bank loans                                      | <u>375,000</u> | <u>300,000</u> |
| Amounts falling due between one and two years:  |                |                |
| Bank loans                                      | <u>300,000</u> | <u>300,000</u> |
| Amounts falling due between two and five years: |                |                |
| Bank loans                                      | <u>100,000</u> | <u>400,000</u> |

20. Leasing agreements

Minimum lease payments fall due as follows:

|                            | Hire purchase contracts<br>31/12/16 | 31/12/15       |
|----------------------------|-------------------------------------|----------------|
|                            | £                                   | £              |
| Net obligations repayable: |                                     |                |
| Within one year            | 71,520                              | 71,520         |
| Between one and five years | 17,880                              | 81,069         |
|                            | <u>89,400</u>                       | <u>152,589</u> |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

20. Leasing agreements - continued

|                            | Non-cancellable<br>operating leases |                |
|----------------------------|-------------------------------------|----------------|
|                            | 31/12/16                            | 31/12/15       |
|                            | £                                   | £              |
| Within one year            | 609,756                             | 687,138        |
| Between one and five years | 858,822                             | 268,274        |
|                            | <u>1,468,578</u>                    | <u>955,412</u> |

21. Provisions for liabilities

|                                        | 31/12/16      | 31/12/15            |
|----------------------------------------|---------------|---------------------|
|                                        | £             | £                   |
| Deferred tax                           |               |                     |
| Accelerated capital allowances         | <u>83,101</u> | <u>86,043</u>       |
|                                        |               | <b>Deferred tax</b> |
|                                        |               | <b>£</b>            |
| Balance at 1st January 2016            |               | 86,043              |
| Credit to Income Statement during year |               | (2,942)             |
| Balance at 31st December 2016          |               | <u>83,101</u>       |

22. Accruals and deferred income

|                            | 31/12/16      | 31/12/15      |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| Deferred government grants | <u>73,420</u> | <u>82,384</u> |

23. Called up share capital

| Allotted, issued and fully paid: |          |                | 31/12/16      | 31/12/15      |
|----------------------------------|----------|----------------|---------------|---------------|
| Number:                          | Class:   | Nominal value: | £             | £             |
| 90,000                           | Ordinary | £1             | <u>90,000</u> | <u>90,000</u> |

24. Reserves

|                       | Retained earnings  |
|-----------------------|--------------------|
|                       | £                  |
| At 1st January 2016   | 4,593,071          |
| Profit for the year   | 815,600            |
| Dividends             | <u>(1,780,980)</u> |
| At 31st December 2016 | <u>3,627,691</u>   |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

25. **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 director I D Andrews is the majority shareholder of the shares of the holding company and is therefore the ultimate controlling party of the company.

26. **Directors' advances, credits and guarantees**

The following advances and credits to a director subsisted during the years ended 31st December 2016 and 31st December 2015:

|                                      | 31/12/16 | 31/12/15      |
|--------------------------------------|----------|---------------|
|                                      | £        | £             |
| <b>G A Phillips</b>                  |          |               |
| Balance outstanding at start of year | 24,300   | 36,400        |
| Amounts repaid                       | (24,300) | (12,100)      |
| Amounts written off                  | -        | -             |
| Amounts waived                       | -        | -             |
| Balance outstanding at end of year   | <u>-</u> | <u>24,300</u> |

27. **Related party disclosures**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

27. Related party disclosures - continued

**I D Andrews**

I D Andrews is a director of the company.

Director's loan account - Interest of £15,380 (2015: £30,073) was charged during the year.

|                                                       | 31/12/16 | 31/12/15 |
|-------------------------------------------------------|----------|----------|
|                                                       | £        | £        |
| Amount due to related party at the balance sheet date | 78,352   | 283,975  |

**Pascalie Limited**

A company in which I D Andrews and S J Machin are directors.

|                                                   | 2016    | 2015    |
|---------------------------------------------------|---------|---------|
|                                                   | £       | £       |
| Rent and other costs charged to Pascalie Limited  | 457,523 | 388,637 |
| Goods and services received from Pascalie Limited | 55,096  | 4,943   |

Dee Set Logistics Limited owns 68.3% of the issued share capital of Pascalie Limited

|                                                              | 31/12/16 | 31/12/15 |
|--------------------------------------------------------------|----------|----------|
|                                                              | £        | £        |
| Amount due from/(to) related party at the balance sheet date | (25,904) | 322,095  |

**Etiquis Limited**

A company in which I D Andrews is a director and shareholder.

|                                     | 2016 | 2015   |
|-------------------------------------|------|--------|
|                                     | £    | £      |
| Services charged to Etiquis Limited | 767  | 25,107 |

|                                                              | 31/12/16 | 31/12/15 |
|--------------------------------------------------------------|----------|----------|
|                                                              | £        | £        |
| Amount due from/(to) related party at the balance sheet date | (920)    | 5,292    |

**Works with Water Nutraceuticals Limited**

A company in which I D Andrews is a director.

|                                                             | 2016  | 2015   |
|-------------------------------------------------------------|-------|--------|
|                                                             | £     | £      |
| Services charged to Works with Water Nutraceuticals Limited | 2,373 | 44,834 |

Retail Solutions (Holdings) Limited, of which I D Andrews is a director and majority shareholder, owns 50% of the issued share capital of Works with Water Nutraceuticals Limited.

|                                                         | 31/12/16 | 31/12/15 |
|---------------------------------------------------------|----------|----------|
|                                                         | £        | £        |
| Amount due from related party at the balance sheet date | 103      | 2,250    |

Notes to the Financial Statements - continued  
for the Year Ended 31st December 2016

27. Related party disclosures - continued

**Dee Set Cosmetics LLC**

A company in which I D Andrews is a shareholder.

|                                                         | 31/12/16<br>£ | 31/12/15<br>£ |
|---------------------------------------------------------|---------------|---------------|
| Amount due from related party at the balance sheet date | -             | 232,174       |

The balance of the loan at 31 December 2016 was £211,031. This amount was considered to be irrecoverable and was written off in the accounts accordingly.

28. Reconciliation of movements in shareholders' funds

|                                                        | 31/12/16<br>£    | 31/12/15<br>£    |
|--------------------------------------------------------|------------------|------------------|
| Profit for the financial year                          | 815,600          | 1,543,151        |
| Dividends                                              | (1,780,980)      | (948,260)        |
| <b>Net (reduction)/addition to shareholders' funds</b> | <b>(965,380)</b> | <b>594,891</b>   |
| Opening shareholders' funds                            | 4,683,071        | 4,088,180        |
| <b>Closing shareholders' funds</b>                     | <b>3,717,691</b> | <b>4,683,071</b> |

29. Reconciliation of profit before taxation to cash generated from operations

|                                       | 31/12/16<br>£    | 31/12/15<br>£    |
|---------------------------------------|------------------|------------------|
| Profit before taxation                | 1,076,589        | 1,700,404        |
| Depreciation charges                  | 354,230          | 340,770          |
| Government grants                     | (8,964)          | (8,964)          |
| Finance costs                         | 176,235          | 221,861          |
|                                       | 1,598,090        | 2,254,071        |
| Decrease in stocks                    | 97,250           | 271,253          |
| Decrease in trade and other debtors   | 811,009          | 1,075,209        |
| Increase in trade and other creditors | 428,612          | 1,455,948        |
| <b>Cash generated from operations</b> | <b>2,934,961</b> | <b>5,056,481</b> |

30. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st December 2016**

|                           | 31.12.16<br>£ | 1.1.16<br>£ |
|---------------------------|---------------|-------------|
| Cash and cash equivalents | 190,423       | 692,876     |

**Year ended 31st December 2015**

|                           | 31.12.15<br>£ | 1.1.15<br>£ |
|---------------------------|---------------|-------------|
| Cash and cash equivalents | 692,876       | 229,944     |