

**Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31st December 2018
for
Dee Set Logistics Limited**

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

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for the Year Ended 31st December 2018**

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Dee Set Logistics Limited

**Company Information
for the Year Ended 31st December 2018**

Directors: I D Andrews
G A Phillips
W J Day

Secretary: W J Day

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 2018**

The directors present their strategic report for the year ended 31st December 2018.

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

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

The in-store Merchandising team now exceeds 3,200 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 also includes specialist teams dedicated to Store Re-fit & Development and Clothing merchandising.

Review of the year

The group manages its operations on a consolidated basis. For this reason, the company's directors believe that further key performance indicators for the company, in addition to those below, are not necessary for an understanding of the development, position or performance of the business. The performance of the group is discussed in the consolidated financial statements of Retail Solutions (Holdings) Limited which are available from the address in note 25.

During the year a core customer chose to in-source its distribution services previously provided by the company. Exit costs were minimised through flexible hand-back arrangements on the leased transport fleet. In addition, the company took various actions to restructure and reduce its cost base which will have a full year impact in 2019.

The company's turnover decreased by £2,994,774, 7% in 2018 to £40,572,869 (2017: £43,567,643).

Gross profits decreased to £11,310,138 (2017: £13,569,876), reflecting a change in gross margin at 27.9% (2017: 31.1%). Operating Profit was reported at £354,090 (2017: £2,025,065).

Cash inflow from operating activities was £1,097,716 for the year (2017: £2,382,844).

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 2019.

The Board remains confident about the future pipeline of activity and the business' growth strategy. The 2018 results reflect a challenging year in UK retail, but the directors are confident that as a result of the actions taken the company is well placed to continue to meet its strategic objectives for the benefit of its stakeholders during 2019.

Financial risk management

The company and its risks are managed on a consolidated basis as part of the Retail Solutions (Holdings) Limited group. 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 2018**

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:



.....
W J Day - Director

Date: 15th July 2019

**Directors' Report
for the Year Ended 31st December 2018**

The directors present their report with the financial statements of the company for the year ended 31st December 2018.

Dividends

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

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The directors holding office during the year and subsequently (except where indicated) were as follows:

I D Andrews

G A Phillips

W J Day (appointed 24 May 2018)

S J Machin (resigned 10 October 2018)

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.

Directors' Report
for the Year Ended 31st December 2018

Auditors

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

On behalf of the board:



.....
W J Day - Director

Date: 15 Jul 2019

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

Opinion

We have audited the financial statements of Dee Set Logistics Limited (the 'company') for the year ended 31st December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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.



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

Date:



Dee Set Logistics Limited (Registered number: SC208421)

**Income Statement
for the Year Ended 31st December 2018**

	Notes	31/12/18 £	31/12/17 £
Turnover	3	40,572,869	43,567,643
Cost of sales		<u>29,262,731</u>	<u>29,997,767</u>
Gross profit		11,310,138	13,569,876
Administrative expenses		<u>10,981,771</u>	<u>11,578,103</u>
		328,367	1,991,773
Other operating income	4	<u>25,723</u>	<u>33,292</u>
Operating profit	7	354,090	2,025,065
Interest receivable and similar income		<u>-</u>	<u>1,003</u>
		354,090	2,026,068
Interest payable and similar expenses	8	<u>198,292</u>	<u>206,093</u>
Profit before taxation		155,798	1,819,975
Tax on profit	9	<u>(29,087)</u>	<u>297,303</u>
Profit for the financial year		<u><u>184,885</u></u>	<u><u>1,522,672</u></u>

The notes form part of these financial statements

Dee Set Logistics Limited (Registered number: SC208421)

**Other Comprehensive Income
for the Year Ended 31st December 2018**

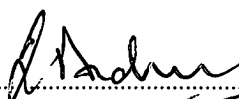
	Notes	31/12/18 £	31/12/17 £
Profit for the year		184,885	1,522,672
Other comprehensive income		-	-
Total comprehensive income for the year		<u>184,885</u>	<u>1,522,672</u>

The notes form part of these financial statements

Balance Sheet
31st December 2018

		31/12/18		31/12/17	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		215,706		-
Tangible assets	12		976,115		1,451,899
Investments	13		209,128		209,128
Investment property	14		-		-
			<u>1,400,949</u>		<u>1,661,027</u>
Current assets					
Stocks	15	133,264		127,721	
Debtors	16	13,293,864		12,498,318	
Cash at bank and in hand		86,980		386,183	
		<u>13,514,108</u>		<u>13,012,222</u>	
Creditors					
Amounts falling due within one year	17	11,633,341		10,844,150	
Net current assets			<u>1,880,767</u>		<u>2,168,072</u>
Total assets less current liabilities			<u>3,281,716</u>		<u>3,829,099</u>
Creditors					
Amounts falling due after more than one year	18		-		(175,701)
Provisions for liabilities	21		(20,976)		(68,579)
Accruals and deferred income	22		(55,492)		(64,456)
Net assets			<u>3,205,248</u>		<u>3,520,363</u>
Capital and reserves					
Called up share capital	23		90,000		90,000
Retained earnings	24		3,115,248		3,430,363
Shareholders' funds	29		<u>3,205,248</u>		<u>3,520,363</u>

The financial statements were approved by the Board of Directors on 15th July 2019 and were signed on its behalf by:


.....
I D Andrews - Director


.....
W J Day - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31st December 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2017	90,000	3,627,691	3,717,691
Changes in equity			
Dividends	-	(1,720,000)	(1,720,000)
Total comprehensive income	-	1,522,672	1,522,672
Balance at 31st December 2017	<u>90,000</u>	<u>3,430,363</u>	<u>3,520,363</u>
Changes in equity			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	184,885	184,885
Balance at 31st December 2018	<u>90,000</u>	<u>3,115,248</u>	<u>3,205,248</u>

**Cash Flow Statement
for the Year Ended 31st December 2018**

	Notes	31/12/18 £	31/12/17 £
Cash flows from operating activities			
Cash generated from operations	30	1,732,875	2,777,133
Interest paid		(197,459)	(202,761)
Interest element of hire purchase payments paid		(833)	(3,332)
Tax paid		(436,867)	(188,196)
Net cash from operating activities		<u>1,097,716</u>	<u>2,382,844</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(215,706)	-
Purchase of tangible fixed assets		(18,501)	(551,796)
Purchase of fixed asset investments		-	(23)
Sale of tangible fixed assets		93,751	-
Interest received		-	1,003
Net cash from investing activities		<u>(140,456)</u>	<u>(550,816)</u>
Cash flows from financing activities			
Loan repayments in year		(375,000)	(300,000)
Finance lease capital repayments in year		(18,581)	(70,819)
Movement on directors' loan accounts		(362,882)	454,551
Equity dividends paid		(500,000)	(1,720,000)
Net cash from financing activities		<u>(1,256,463)</u>	<u>(1,636,268)</u>
(Decrease)/increase in cash and cash equivalents		<u>(299,203)</u>	<u>195,760</u>
Cash and cash equivalents at beginning of year	31	386,183	190,423
Cash and cash equivalents at end of year	31	<u><u>86,980</u></u>	<u><u>386,183</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31st December 2018**

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. The company's principal place of business is The Distribution Centre, Victoria Road, Fenton, Staffordshire, ST4 8HX.

The financial statements are prepared in Pound Sterling (£), which is the functional currency of the entity.

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.

Significant judgements and estimates

The company makes judgements and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the actual results. The only estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are considered to be the value of bad debt provisions and the rates at which assets are being depreciated.

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 or when the service is delivered.

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.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software costs are being amortised evenly over their estimated useful life of 3 years.

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

2. Accounting policies - continued

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.

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.

Financial instruments

The company only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the company and their measurement basis as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to these accounts. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals, invoice discounting, bank loans and other creditors are financial instruments and are measured at amortised cost as detailed in the notes to these accounts. Taxation and social security are not included in the financial instruments definition.

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.

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

2. Accounting policies - continued

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:

	31/12/18	31/12/17
	£	£
United Kingdom	40,107,778	43,136,893
Europe	465,091	430,750
	<u>40,572,869</u>	<u>43,567,643</u>

4. Other operating income

	31/12/18	31/12/17
	£	£
Rents received	16,759	24,328
Government grants	8,964	8,964
	<u>25,723</u>	<u>33,292</u>

5. Employees and directors

	31/12/18	31/12/17
	£	£
Wages and salaries	27,918,699	28,288,765
Social security costs	1,355,590	1,465,683
Other pension costs	272,844	152,008
	<u>29,547,133</u>	<u>29,906,456</u>

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

	31/12/18	31/12/17
Staff (including directors)	<u>3,234</u>	<u>3,161</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

6. Directors' emoluments

	31/12/18	31/12/17
	£	£
Directors' remuneration	350,702	431,020
Directors' pension contributions to money purchase schemes	10,218	10,077
	<u> </u>	<u> </u>

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

	31/12/18	31/12/17
Money purchase schemes	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	31/12/18	31/12/17
	£	£
Emoluments etc	<u>155,293</u>	<u>162,569</u>

The directors are considered to be the company's "key management personnel".

7. Operating profit

The operating profit is stated after charging:

	31/12/18	31/12/17
	£	£
Depreciation - owned assets	358,928	321,012
Depreciation - assets on hire purchase contracts	39,660	39,660
Loss on disposal of fixed assets	1,946	-
Auditors' remuneration	16,000	16,000
Other non-audit services	24,831	19,329
Operating lease costs - land and buildings	248,531	258,698
Operating lease costs - motor vehicles	<u>641,313</u>	<u>744,931</u>

8. Interest payable and similar expenses

	31/12/18	31/12/17
	£	£
Bank loan interest	19,130	15,121
Invoice discounting interest	173,061	127,070
Directors' loan interest	5,268	60,570
Finance lease interest	<u>833</u>	<u>3,332</u>
	<u>198,292</u>	<u>206,093</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

9. Taxation

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	31/12/18 £	31/12/17 £
Current tax:		
UK corporation tax	29,443	307,394
Prior year adjustment	(10,927)	4,431
Total current tax	18,516	311,825
Deferred tax	(47,603)	(14,522)
Tax on profit	<u>(29,087)</u>	<u>297,303</u>

Reconciliation of total tax (credit)/charge included in profit and loss

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

	31/12/18 £	31/12/17 £
Profit before tax	<u>155,798</u>	<u>1,819,975</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.246%)	29,602	350,272
Effects of:		
Expenses not deductible for tax purposes	4,675	1,203
Capital allowances in excess of depreciation	(1,926)	(2,711)
Utilisation of tax losses	(50,881)	(55,892)
Adjustments to tax charge in respect of previous periods repayments	(10,927)	4,431
Profit on disposal	370	-
Total tax (credit)/charge	<u>(29,087)</u>	<u>297,303</u>

10. Dividends

	31/12/18 £	31/12/17 £
Ordinary shares of £1 each		
Dividends paid	<u>500,000</u>	<u>1,720,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2018

11. Intangible fixed assets

	Goodwill £	Computer software £	Totals £
Cost			
At 1st January 2018	25,002	-	25,002
Additions	-	215,706	215,706
	<u>25,002</u>	<u>215,706</u>	<u>240,708</u>
At 31st December 2018	25,002	215,706	240,708
Amortisation			
At 1st January 2018 and 31st December 2018	25,002	-	25,002
	<u>25,002</u>	<u>-</u>	<u>25,002</u>
Net book value			
At 31st December 2018	-	215,706	215,706
	<u>-</u>	<u>215,706</u>	<u>215,706</u>
At 31st December 2017	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £
Cost			
At 1st January 2018	240,000	84,586	303,949
	<u>240,000</u>	<u>84,586</u>	<u>303,949</u>
At 31st December 2018	240,000	84,586	303,949
Depreciation			
At 1st January 2018	17,801	60,026	286,556
Charge for year	5,799	14,333	7,255
Eliminated on disposal	-	-	-
	<u>23,600</u>	<u>74,359</u>	<u>293,811</u>
At 31st December 2018	23,600	74,359	293,811
Net book value			
At 31st December 2018	216,400	10,227	10,138
	<u>216,400</u>	<u>10,227</u>	<u>10,138</u>
At 31st December 2017	222,199	24,560	17,393
	<u>222,199</u>	<u>24,560</u>	<u>17,393</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2018

12. Tangible fixed assets - continued

	Motor vehicles £	Computer equipment £	Totals £
Cost			
At 1st January 2018	822,672	2,665,983	4,117,190
Additions	-	18,501	18,501
Disposals	(161,756)	-	(161,756)
At 31st December 2018	660,916	2,684,484	3,973,935
Depreciation			
At 1st January 2018	437,425	1,863,483	2,665,291
Charge for year	80,792	290,409	398,588
Eliminated on disposal	(66,059)	-	(66,059)
At 31st December 2018	452,158	2,153,892	2,997,820
Net book value			
At 31st December 2018	208,758	530,592	976,115
At 31st December 2017	385,247	802,500	1,451,899

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 £976,115 is £Nil (2017 - £126,030) 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 (2017 - £39,660). The agreements ended during the year.

13. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1st January 2018 and 31st December 2018	209,128
Net book value	
At 31st December 2018	209,128
At 31st December 2017	209,128

The above represents investments as follows: £209,128 (2017 - £209,128) being 76% (2017 - 76%) 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. The registered office of Pascalle Limited is 6 Marsh Parade, Newcastle-under-Lyme, Staffordshire, ST5 1DU.

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

14. Investment property

	Total £
Fair value	
At 1st January 2018	
and 31st December 2018	111,500
Depreciation	
At 1st January 2018	
and 31st December 2018	111,500
Net book value	
At 31st December 2018	-
At 31st December 2017	-

15. Stocks

	31/12/18 £	31/12/17 £
Stock of fuel	11,776	9,547
Store fittings	121,488	118,174
	<u>133,264</u>	<u>127,721</u>

The total amount of stock recognised as an expense during the period was £204,847 (2017 - £276,902).

16. Debtors: amounts falling due within one year

	31/12/18 £	31/12/17 £
Trade debtors	4,638,307	4,860,961
Amounts owed by group undertakings	6,308,409	4,728,506
Other debtors	787,439	777,834
Directors' loan accounts	-	6,350
Prepayments and accrued income	1,559,709	2,124,667
	<u>13,293,864</u>	<u>12,498,318</u>

Trade debtors are stated net of a bad debt provision of £9,065 (2017 - £21,317).

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.

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

17. Creditors: amounts falling due within one year

	31/12/18	31/12/17
	£	£
Bank loans and overdrafts (see note 19)	100,000	300,000
Hire purchase contracts (see note 20)	-	17,880
Trade creditors	734,950	1,394,630
Amounts owed to group undertakings	7,082,299	5,190,076
Amounts owed to participating interests	-	11,097
Tax	-	287,394
Social security and other taxes	1,073,624	1,019,687
Other creditors	61,291	58,889
Directors' loan accounts	170,021	539,253
Accruals and deferred income	2,411,156	2,025,244
	<u>11,633,341</u>	<u>10,844,150</u>

The bank loans and invoice discounting facility are secured by a charge over the assets of the group.

The hire purchase 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, were granted on 14th October 2003. White Hinge Limited was added to this cross guarantee with effect from 13th November 2018.

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

	31/12/18	31/12/17
	£	£
Bank loans (see note 19)	-	175,000
Hire purchase contracts (see note 20)	-	701
	<u>-</u>	<u>175,701</u>

19. Loans

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

	31/12/18	31/12/17
	£	£
Amounts falling due within one year:		
Bank loans	<u>100,000</u>	<u>300,000</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>175,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2018

20. Leasing agreements

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31/12/18	31/12/17
	£	£
Net obligations repayable:		
Within one year	-	17,880
Between one and five years	-	701
	<u>-</u>	<u>18,581</u>

	Non-cancellable operating leases	
	31/12/18	31/12/17
	£	£
Within one year	309,597	530,584
Between one and five years	105,462	129,808
	<u>415,059</u>	<u>660,392</u>

21. Provisions for liabilities

	31/12/18	31/12/17
	£	£
Deferred tax		
Accelerated capital allowances	20,976	68,579
	<u>20,976</u>	<u>68,579</u>

	Deferred tax
	£
Balance at 1st January 2018	68,579
Credit to Income Statement during year	(47,603)
Balance at 31st December 2018	<u>20,976</u>

22. Accruals and deferred income

	31/12/18	31/12/17
	£	£
Deferred government grants	55,492	64,456
	<u>55,492</u>	<u>64,456</u>

23. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/12/18	31/12/17
			£	£
90,000	Ordinary	£1	<u>90,000</u>	<u>90,000</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

24. Reserves

	Retained earnings £
At 1st January 2018	3,430,363
Profit for the year	184,885
Dividends	(500,000)
At 31st December 2018	<u>3,115,248</u>

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.

Copies of the financial statements of Retail Solutions (Holdings) Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

26. Directors' advances, credits and guarantees

The following advances and credits to a director subsisted during the years ended 31st December 2018 and 31st December 2017:

	31/12/18 £	31/12/17 £
G A Phillips		
Balance outstanding at start of year	6,350	-
Amounts advanced	-	6,350
Amounts repaid	(6,350)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>6,350</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.

Entities under common control

	31/12/18 £	31/12/17 £
Sales	452,200	469,356
Purchases	18,305	-
Amount due from related party	<u>476,720</u>	<u>137,827</u>

These transactions and balances relate to Pascalle Limited.

Key management personnel of the entity or its parent (in the aggregate)

	31/12/18 £	31/12/17 £
Amount due to related party	<u>170,020</u>	<u>539,253</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2018**

27. Related party disclosures - continued

Other related parties

	31/12/18	31/12/17
	£	£
Sales	614	3,482
Amount due from related party	619	-
Amount due to related party	-	58
	<u> </u>	<u> </u>

These transactions and balances relate to Etiquis Limited and Works With Water Nutraceuticals Limited.

28. Post balance sheet events

On 28th February 2019, the trade and assets of Pascalle Limited were sold for a total consideration of £2.3m

29. Reconciliation of movements in shareholders' funds

	31/12/18	31/12/17
	£	£
Profit for the financial year	184,885	1,522,672
Dividends	(500,000)	(1,720,000)
	<u> </u>	<u> </u>
Net reduction of shareholders' funds	(315,115)	(197,328)
Opening shareholders' funds	3,520,363	3,717,691
	<u> </u>	<u> </u>
Closing shareholders' funds	3,205,248	3,520,363
	<u> </u>	<u> </u>

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

	31/12/18	31/12/17
	£	£
Profit before taxation	155,798	1,819,975
Depreciation charges	398,588	360,672
Loss on disposal of fixed assets	1,946	-
Government grants	(8,964)	(8,964)
Finance costs	198,292	206,093
Finance income	-	(1,003)
	<u> </u>	<u> </u>
	745,660	2,376,773
(Increase)/decrease in stocks	(5,543)	33,901
(Increase)/decrease in trade and other debtors	(542,774)	101,305
Increase in trade and other creditors	1,535,532	265,154
	<u> </u>	<u> </u>
Cash generated from operations	1,732,875	2,777,133
	<u> </u>	<u> </u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2018

31. 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 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	86,980	386,183

Year ended 31st December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	386,183	190,423