

DRL HOLDINGS LIMITED

Report and Financial Statements

For the year ended 31 March 2012



REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditor's report	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11

OFFICERS AND PROFESSIONAL ADVISERS

CHAIRMAN

Richard Rose

DIRECTORS

Stephen Counce

William Holroyd CBE DL

Christopher Hopkinson

Kevin Philbin

John Roberts

Norman Stoller CBE CStJ DL

SECRETARY

Stephen Counce

REGISTERED OFFICE

Aspinall House

Aspinall Close

Middlebrook

Bolton

BL6 6QQ

BANKERS

Barclays Bank Plc

Manchester City Office

PO Box 357

51 Mosley Street

Manchester

M60 2AJ

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester

United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2012

PRINCIPAL ACTIVITY

The principal activity of group is the supply and delivery of kitchen appliances via the internet

BUSINESS REVIEW**Development and performance of the business**

The group continued to grow in 2011/12 in a challenging retail market as the issues faced by the UK economy, once again, put downward pressure on consumer expenditure. The online retail market continues to grow however

The group has significantly increased its turnover and had made major investments in its infrastructure to support the future growth and operating profitability of the business. The key performance indicators are as follows

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2008
Turnover	£207,361,293	£162,546,065	£126,716,030	£89,069,362	£80,778,999
Turnover growth	28%	28%	42%	10%	53%
Gross profit margin	17%	18%	16%	13%	12%
*Group trading profit before tax and non-recurring items	£464,713	£3,077,066	£3,775,063	£499,840	£501,308
(Loss)/profit before tax	£(2,287,031)	£3,077,066	£1,054,695	£499,840	£501,308
Cash balances	£2,903,028	£4,144,537	£4,153,713	£2,290,713	£2,195,592

During the year we relocated our entire central distribution resource from Radcliffe and other sites into a purpose built new unit in Crewe. We also upgraded a major part of our fleet of vehicles, established a new call centre in Manchester, and invested heavily in staff and in operational and system improvements

*The 2012 loss before tax result includes £2,751,744 of non-recurring costs relating to the closure for the Radcliffe and other distribution facilities, associated dual running costs and a write off of vehicles that have been replaced. The profit before tax excluding these costs was £464,713

The Board expects the investments made in the year to significantly improve performance in the 2012/13 financial year

Position of the business

At the end of the year, net assets had reduced by £3,051,883 to £5,809,180 and cash at bank had reduced by £1,241,509 to £2,903,028

GOING CONCERN

The group has recently agreed an extension of its overdraft facility with Barclays until 30 June 2013. Despite the current uncertainty in the economic climate the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future

Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements

DIRECTORS' REPORT (continued)

FINANCIAL RISK

Price risk, credit risk, liquidity risk and cash flow risk

The company's principal financial instruments comprise bank balances, stock, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk through observing policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due through the use of the Group's overdraft facility.

The company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments through the use of the Group's overdraft facility.

RESULTS AND DIVIDEND

The results for the company are set out in the financial statements. The directors do not recommend the payment of a dividend (2011 £nil).

CHARITABLE DONATIONS

During the year the company made charitable donations of £33,041 (2011 £21,506) principally to local charities such as Bolton Lads and Girls Club as part of the company's commitment to its staff and local community.

EMPLOYMENT POLICIES

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retained for suitable alternative posts.

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of regular departmental meetings, newsletters and journals.

DIRECTORS

The directors who held office during the year and thereafter are noted on page 1.

The company has taken out insurance for the directors against public liability claims, which remains in force at the date of this report.

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 March 2012 were equivalent to 41 (2011 35) days' purchases, based on the average daily amount invoiced by suppliers during the year.

FIXED ASSETS

In the opinion of the directors, the current open market value of the company's interests in land and buildings is equal to net book value.

DIRECTORS' REPORT (continued)

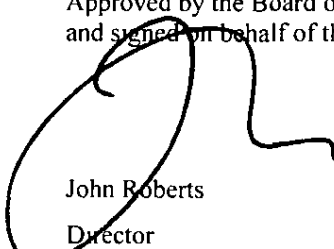
AUDITOR

Each of the persons who are a director at the date of approval of this report confirms that

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board



John Roberts
Director

14 December 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 group and of the company and of the profit or loss of the group and 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRL HOLDINGS LIMITED

We have audited the financial statements of DRL Holdings Limited for the year ended 31 March 2012 which comprise the consolidated Profit and Loss Account, the consolidated Statement of Total Recognised Gains and Losses, the consolidated and parent company Balance Sheets, the consolidated Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss 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.

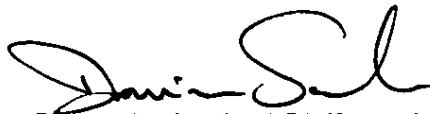
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Damian Sanders BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

14 December 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2012

	Note	2012 Group trading £	2012 Other items* £	2012 Total £	2011 Total £
TURNOVER	2	207,461,293	-	207,461,293	162,546,065
Cost of sales		(171,455,212)	(1,433,967)	(172,889,179)	(133,986,233)
GROSS PROFIT		36,006,081	(1,433,967)	34,572,114	28,559,832
Administrative expenses		(34,831,309)	(1,317,777)	(36,149,086)	(24,732,081)
Amortisation		(609,804)	-	(609,804)	(609,804)
		(35,441,113)	(1,317,777)	(36,758,890)	(25,341,885)
OPERATING PROFIT/(LOSS)	3	564,968	(2,751,744)	(2,186,776)	3,217,947
Other interest receivable and similar income	8	11,464	-	11,464	3,408
Interest payable	9	(111,719)	-	(111,719)	(144,289)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		464,713	(2,751,744)	(2,287,031)	3,077,066
Tax on profit on ordinary activities	10	(391,354)	715,453	324,099	(1,049,857)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	19,20	73,359	(2,036,291)	(1,962,932)	2,027,209

Turnover and operating profit derive wholly from continuing operations

*Other items in 2012 related to non-recurring items, as disclosed in note 5 to these financial statements

The company has no recognised gains or losses for the year other than the results above. Consequently, no separate consolidated statement of total recognised gains and losses has been prepared

CONSOLIDATED BALANCE SHEET
As at 31 March 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	11		9,153,712		9,763,516
Tangible assets	12		6,358,586		2,032,836
			<u>15,512,298</u>		<u>11,796,352</u>
CURRENT ASSETS					
Stocks	14	4,688,385		3,736,981	
Debtors	15	19,375,178		14,835,233	
Cash at bank and in hand		<u>2,903,028</u>		<u>4,144,537</u>	
		26,966,591		22,716,751	
CREDITORS: amounts falling due within one year	16	<u>(32,306,294)</u>		<u>(22,562,040)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(5,339,703)</u>		<u>154,711</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,172,595		11,951,063
CREDITORS: amounts falling due after more than one year	17		<u>(4,363,415)</u>		<u>(3,090,000)</u>
NET ASSETS			<u>5,809,180</u>		<u>8,861,063</u>
CAPITAL AND RESERVES					
Called up share capital	18	30,571		31,021	
Merger reserve	19	5,337,553		5,357,604	
Capital redemption	19	(1,068,450)		-	
Profit and loss reserve	19	<u>1,509,506</u>		<u>3,472,438</u>	
SHAREHOLDERS' FUNDS	20		<u>5,809,180</u>		<u>8,861,063</u>

The financial statements of DRL Holdings Limited, registered number 05525751 were approved by the Board of Directors on 14 December 2012

Signed on behalf of the Board of Directors



Stephen Caunce
 Director

COMPANY BALANCE SHEET
As at 31 March 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	13	<u>10,454,465</u>	<u>10,454,465</u>
CURRENT ASSETS			
Debtors	15	3,221	3,221
Cash at bank and in hand		-	129
		<u>3,221</u>	<u>3,350</u>
CREDITORS: amounts falling due within one year	16	<u>(1,261,737)</u>	<u>(520,356)</u>
NET CURRENT LIABILITIES		<u>(1,258,516)</u>	<u>(517,006)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,195,949	9,937,459
CREDITORS amounts falling due after more than one year	17	<u>(1,980,567)</u>	<u>(3,090,000)</u>
NET ASSETS		<u><u>7,215,382</u></u>	<u><u>6,847,459</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	30,571	31,021
Merger reserve	19	5,337,553	5,357,604
Capital redemption reserve	19	(1,068,450)	-
Profit and loss reserve	19	<u>2,915,708</u>	<u>1,458,834</u>
SHAREHOLDERS' FUNDS	20	<u><u>7,215,382</u></u>	<u><u>6,847,459</u></u>

The financial statements of DRL Holdings Limited, registered number 05525751 were approved by the Board of Directors on 14 December 2012

Signed on behalf of the Board of Directors



Stephen Counce

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	23	4,341,700	2,777,364
Returns on investments and servicing of finance			
Interest received		11,464	3,408
Interest paid		(111,719)	(109,289)
Preference interest paid		-	(35,000)
		<u>(100,255)</u>	<u>(140,881)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(5,715,919)	(1,347,481)
Taxation		<u>(27,976)</u>	<u>-</u>
Net cash (outflow)/inflow before management of liquid resources and financing		<u>(1,502,450)</u>	<u>1,289,002</u>
Financing			
Value of new loans obtained during the year		27,015	214,762
Repayment of loans and borrowings		(1,827,301)	(1,400,000)
Redemption of issued share capital		(1,088,951)	-
Advance/(repayment) of capital element of finance leases and HP contracts		3,150,178	(112,940)
		<u>260,941</u>	<u>(1,298,178)</u>
Decrease in cash in the year	24	<u>(1,241,509)</u>	<u>(9,176)</u>
Reconciliation of net cash flow to movement in net debt			
	Notes	2012 £	2011 £
Decrease in cash		(1,241,509)	(9,176)
Cash inflow from increase in loans		(27,015)	(214,762)
Cash outflow from repayment of loans		1,827,301	1,400,000
Cash inflow/(outflow) from repayment of capital element of finance leases and hire purchase contracts		<u>(3,150,178)</u>	<u>112,940</u>
Change in net debt resulting from cash flows	24	<u>(2,591,401)</u>	<u>1,289,002</u>
Net debt at 1 April	24	<u>(503,442)</u>	<u>(1,792,444)</u>
Net debt at 31 March	24	<u>(3,094,843)</u>	<u>(503,442)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards

The group financial statements comprise the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2012

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss account and statement of cash flows include the results and cash flows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries

The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £1,456,874 (2011 profit £1,565,000)

Going concern

The group has continued to increase turnover and the business, after adding back non-recurring items, is now trading profitably in difficult trading conditions and has no significant borrowings. The group has just renewed its overdraft facility until 30 June 2013 with its Banker. Future growth in the business is expected to be funded through trading and working capital management and the cash resources available are expected to be more than adequate for the group and company for the foreseeable future, taking account of reasonably possible changes in trading performance in an uncertain economic climate. Accordingly, the financial statements have been prepared on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents the value of goods delivered to the customers during the year, net of value added tax. Turnover is recognised on orders received when the goods have been delivered to customers.

With respect to the recognition of warranty income where the group sells warranty policies acting as an agent for a third party, the group recognises the fair value of the commission due on the policy, which it can estimate reliably, upon a customer accepting a policy on the basis that its contractual performance is complete. The fair value calculation takes into consideration the length of the policy and the historical rate of customer attrition.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset to the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	20 years straight line
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Fixed assets

All fixed assets are recorded at cost, net of depreciation and any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

1 ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Property alterations	10% straight line
Fixtures and fittings	Between 3 and 8 years reducing balance
Motor vehicles	20% straight line
Computer equipment	25% straight line
Office equipment	20% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value

Stocks, work in progress and long term contracts

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Assets held under finance leases and hire purchase agreements, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

1. ACCOUNTING POLICIES (continued)

Pensions

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Share and capital instruments

Shares and capital instruments issued are valued at the date of issue at the market value of the consideration received. Any premium on redemption of non-equity capital instruments is recognised over the earliest period under which that premium may be due under terms of the instrument. Shares and related instruments issued to an employee are valued at their fair value in accordance with FRS 20 where this can reliably be determined. Where this is not possible such instruments are valued at their intrinsic value until an accurate value can be determined.

2. TURNOVER

All the group's turnover in the year and prior year arose in the UK from the supply of kitchen appliances and associated products services and delivery.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2012	2011
	£	£
Operating lease charges – plant and machinery	342,345	215,518
Operating lease charges – other assets	2,099,989	2,565,102
Profit on disposal of fixed assets	(191)	-
Depreciation of owned assets	986,552	495,452
Depreciation of assets held under finance leases and hire purchase contracts	172,923	29,065
Amortisation	609,804	609,804
Auditor's remuneration	40,000	42,700
	<u>40,000</u>	<u>42,700</u>

4. AUDITOR'S REMUNERATION

	2012	2011
	£	£
Fees payable to the group's auditor for the audit of the company's annual accounts	1,500	1,850
Fees payable to the group's auditor and their associates for other services to the group - the audit of the group's subsidiaries pursuant to legislation	36,000	40,850
Tax services	2,500	-
	<u>40,000</u>	<u>42,700</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

5 OTHER ITEMS

During the year the directors made the decision to close the Expert Logistics site at Radcliffe. Costs associated with impairment of assets and provisions for the onerous rent lease, plus other closure provisions was £2,651,744 charged through the profit and loss. This is shown as "Other items" in the consolidated profit and loss account.

	2012 £	2011 £
Other items included within cost of sales		
Dual running costs of Crewe and prior sites	108,807	-
Onerous lease - property	347,363	-
Loss on disposal of fixed assets	138,095	-
Other	839,702	-
	<u>1,433,967</u>	<u>-</u>
Other items included within operating expenses		
Dual running costs of Crewe and prior sites	204,245	-
Redundancies	156,012	-
Other	957,520	-
	<u>1,317,777</u>	<u>-</u>
Total	<u><u>2,751,744</u></u>	<u><u>-</u></u>

6. PARTICULARS OF EMPLOYEES

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2012 No	2011 No.
Sale, marketing and distribution	662	463
Directors	8	8
	<u>670</u>	<u>471</u>

The aggregate payroll costs were as follows:

	2012 £	2011 £
Wages and salaries	15,905,712	10,844,757
Social security costs	1,591,541	1,187,390
Staff pensions	226,459	229,546
	<u>17,723,712</u>	<u>12,261,693</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

7 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows

	2012 £	2011 £
Directors' remuneration (including benefits in kind)	739,652	747,097
Director pension contributions	83,094	71,375
	<u>822,746</u>	<u>818,472</u>

During the year the number of directors who were accruing benefits was as follows

	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director

	2012 £	2011 £
Emoluments	217,711	267,200
Company contributions to money purchase pension schemes	<u>25,000</u>	<u>25,000</u>

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank interest receivable	<u>11,464</u>	<u>3,408</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest on bank borrowings	111,719	108,045
Finance charges	-	1,244
Preference share interest	-	35,000
Group interest payable and similar charges	<u>111,719</u>	<u>144,289</u>

10. TAXATION

Tax on (loss)/profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax (credit)/charge	<u>(28,346)</u>	<u>28,348</u>
Deferred tax		
Origination and reversal of timing differences	<u>(295,753)</u>	<u>1,021,509</u>
Total tax on profit on ordinary activities	<u>(324,099)</u>	<u>1,049,857</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

10. TAXATION (continued)

The deferred tax charge arising in the year is due to the utilisation of the asset relating to brought forward operating losses. The recognition reflected the group's pattern of established and increasing profitability.

Factors affecting current period tax charge for the year

Tax credit/(charge) on (loss)/profit on ordinary activities for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK of 26% (2011: 28%).

The differences are reconciled below:

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	(2,287,031)	3,077,066
Corporation tax at standard rate	(594,628)	861,578
Depreciation in excess of capital allowances	(64,831)	(8,242)
Other expenses not deductible for tax purposes	92,385	23,132
Goodwill amortisation not deductible for tax purposes	158,548	170,745
Loss carried forward/(utilised) in the year	380,180	(1,009,415)
Small companies relief	-	(9,450)
Total current tax	<u>(28,346)</u>	<u>28,348</u>

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
Cost	
At 1 April 2011 and 31 March 2012	<u>12,196,032</u>
Amortisation	
As at 1 April 2011	2,432,516
Charge for the year	609,804
As at 31 March 2012	<u>3,042,320</u>
Net book value	
At 31 March 2012	<u>9,153,712</u>
At 31 March 2011	<u>9,763,516</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

12. TANGIBLE FIXED ASSETS

Group

	Property alterations £	Fixtures and fittings £	Motor vehicles £	Computer and office equipment £	Total £
Cost or valuation					
At 1 April 2011	116,152	213,236	147,209	3,644,140	4,120,737
Additions	27,235	217,954	2,546,983	2,923,747	5,715,919
Disposals	-	-	(251,258)	-	(251,258)
At 31 March 2012	<u>143,387</u>	<u>431,190</u>	<u>2,442,934</u>	<u>6,567,887</u>	<u>9,585,398</u>
Depreciation					
At 1 April 2011	27,573	74,526	51,620	1,934,182	2,087,901
Charge for the year	23,578	37,908	256,697	841,292	1,159,475
Disposals	-	-	(20,564)	-	(20,564)
At 31 March 2012	<u>51,151</u>	<u>112,434</u>	<u>287,753</u>	<u>2,775,474</u>	<u>3,226,812</u>
Net book value					
At 31 March 2012	<u>92,236</u>	<u>318,756</u>	<u>2,155,181</u>	<u>3,792,413</u>	<u>6,358,586</u>
At 31 March 2011	<u>88,579</u>	<u>138,710</u>	<u>95,589</u>	<u>1,709,958</u>	<u>2,032,836</u>

Finance lease assets

Included within the net book value of tangible fixed assets is £2,551,446 (2011 £88,496) in respect of assets held under finance lease and hire purchase contracts. Depreciation for the year on these assets was £172,923 (2011 £29,065)

13. INVESTMENTS HELD AS FIXED ASSETS

Company

	2012 £	2011 £
Shares in group undertakings and participating interests	9,947,285	9,947,285
Loans to group undertakings and participating interests	507,180	507,180
	<u>10,454,465</u>	<u>10,454,465</u>

The company owns 100% of the issued share capital of the following companies, incorporated in England and Wales, which are included in the consolidated accounts

Company	Aggregate capital and reserves £	Loss for financial year £	Holding £	Proportion of voting rights and shares held	Principal activity
DRL Limited	(63,672)	(548,978)	Ordinary shares	100%	Retail
Expert Logistics Limited	(548,956)	(761,022)	Ordinary shares	100%	Logistics and transport
Worry Free Cover Limited	2	-	Ordinary shares	100%	Dormant
DRL Warranty Services Ltd	2	-	Ordinary shares	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

14 STOCKS AND WORK IN PROGRESS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stocks	4,688,385	3,736,981	-	-

15. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	2,534,138	4,116,256	-	-
Other debtors	10,096,188	6,519,297	3,221	3,221
Deferred tax	441,538	145,785	-	-
Prepayments and accrued income	6,303,314	4,053,895	-	-
	<u>19,375,178</u>	<u>14,835,233</u>	<u>3,221</u>	<u>3,221</u>

Group debtors includes £5,589,059 (2011 £4,880,475) receivable after more than one year and parent company debtors includes £nil (2011 £nil) receivable after more than one year

Deferred tax

The movement in the deferred tax asset in the year is as follows

	£
At 1 April 2011	145,785
Deferred tax credited to profit and loss	295,753
	<u>441,538</u>
At 31 March 2012	<u>441,538</u>

The deferred tax asset will be realised against future taxable profits arising in the United Kingdom. All of the deferred tax asset will be realised within one year

Analysis of deferred tax

	2012	2011
	£	£
Depreciation in excess of capital allowances	(40,750)	(43,600)
Losses carried forward	482,288	189,385
	<u>441,538</u>	<u>145,785</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	21,691,286	14,292,918	-	-
Other loans	1,497,589	1,470,574	-	-
Obligations under finance leases and hire purchase contracts	854,733	87,405	-	-
Amounts owed to group undertakings	-	-	1,257,942	518,472
Corporation tax	-	28,348	-	-
Other taxes and social security	1,937,660	2,233,675	-	-
Other creditors	-	8,557	-	-
Accruals and deferred income	6,325,026	4,440,563	3,795	1,884
	<u>32,306,294</u>	<u>22,562,040</u>	<u>1,261,737</u>	<u>520,356</u>

The group has granted a floating charge over its trade debtors to secure loan funding of £1,497,589 (2011 £1,470,574 for an invoice discounting facility included in other loans

Obligations under finance leases and hire purchase agreements are secured on the net assets to which they relate

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Preference shares	1,261,800	3,090,000	1,261,800	3,090,000
Directors loans	718,767	-	718,767	-
Obligations under finance leases and hire purchase contracts	2,382,848	-	-	-
	<u>4,363,415</u>	<u>3,090,000</u>	<u>1,980,567</u>	<u>3,090,000</u>

Total obligations including finance leases and hire purchase contracts

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
In one year or less on demand	854,733	87,405	-	-
Between one and two years	2,382,848	-	-	-
	<u>3,237,581</u>	<u>87,405</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

18. SHARE CAPITAL

	2012 No	2012 £	2011 No.	2011 £
Allotted, called up and fully paid shares				
Equity				
A Ordinary shares of 1 pence each	270,436	2,704	277,936	2,779
B Ordinary shares of 1 pence each	303,048	3,030	310,548	3,105
C Ordinary shares of 1 pence each	322,890	3,229	330,390	3,304
D Ordinary shares of 1 pence each	362,821	3,628	370,321	3,703
E Ordinary shares of 1 pence each	395,069	3,951	402,569	4,026
F Ordinary shares of 1 pence each	1,402,860	14,029	1,410,360	14,104
	<u>3,057,124</u>	<u>30,571</u>	<u>3,102,124</u>	<u>31,021</u>

Redeemable preference shares

The company has in issue 630,900 (2011 1,545,000) preference shares of £1 each. On 1 June 2011 the company redeemed and cancelled 914,100 preference shares of £1 each for a consideration of £1,828,200. The preference shares of £1 each were redeemable at the option of the holder. They were redeemable at £2 per share and carry no voting rights. They have no rights to dividends.

Ordinary shares

The company acquired and cancelled 7,500 shares in each of the A, B, C, D, E, and F classes on 1 June 2011 for consideration of £1,068,900.

The A ordinary shares of 1 pence each carry 1 vote in general meetings. No other shares have voting rights. The ordinary shares of all classes have no rights to redemption. The ordinary shares of all classes have no fixed rights to dividends.

The ordinary shares carry rights to assets on winding up or on a sale of the company which vary as the total proceeds, being the first £10 million attributable to ordinary shareholders are due to the holders of A ordinary shares, with subsequent tranches due to holders of other classes of ordinary shares in sequence.

19. RESERVES

Group

	Capital redemption reserve £	Merger reserve £	Profit and loss reserve £	Total £
At 1 April 2011	-	5,357,604	3,472,438	8,830,042
Transfer from profit and loss account	-	-	(1,962,932)	(1,962,932)
Redemption of share capital	(1,068,450)	(20,051)	-	(1,088,501)
At 31 March 2012	<u>(1,068,450)</u>	<u>5,337,553</u>	<u>1,509,506</u>	<u>5,778,609</u>

Company

	Capital redemption reserve £	Merger reserve £	Profit and loss reserve £	Total £
At 1 April 2011	-	5,357,604	1,458,834	6,816,438
Transfer to profit and loss account	-	-	1,456,874	1,456,874
Redemption of share capital	(1,068,450)	(20,051)	-	(1,088,501)
At 31 March 2012	<u>(1,068,450)</u>	<u>5,337,553</u>	<u>2,915,708</u>	<u>7,184,811</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
(Loss)/profit attributable to members of the group	(1,962,932)	2,027,209
Share capital redemption	(1,088,951)	-
Net (reduction in) /addition to shareholders funds	(3,051,883)	2,027,209
Shareholders' funds at 1 April	8,861,063	6,833,854
Shareholders' funds at 31 March	<u>5,809,180</u>	<u>8,861,063</u>

Company

	2012 £	2011 £
Share capital redemption	(1,088,951)	-
Profit attributable to members of the company	1,456,874	1,565,000
Net addition to shareholders' funds	367,923	1,565,000
Shareholders' funds at 1 April	6,847,459	5,282,459
Shareholders' funds at 31 March	<u>7,215,382</u>	<u>6,847,459</u>

21. PENSION SCHEME

Defined contributions pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £226,459 (2011 £229,546)

Contributions totalling £nil (2011 £8,557) were payable to the scheme at the end of the year and are included in creditors

22. COMMITMENTS

Capital commitments

Amounts contracted for but not provided in the financial statements to £nil (2011 £nil)

Operating lease commitments

As at 31 March 2012 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £	2011 £
Land and buildings		
Within one year	501,918	180,000
Within two to five years	-	572,500
Over five years	1,592,163	240,888
	<u>2,094,081</u>	<u>993,388</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

22. COMMITMENTS (continued)

	2012 £	2011 £
Other		
Within one year	265,385	113,905
Within two to five years	537,575	703,199
In more than five years	172,768	-
	<u>975,728</u>	<u>817,104</u>

23 RECONCILIATION OF OPERATING (LOSS)/ PROFIT TO NET CASH FLOWS

	2012 £	2011 £
Operating (loss)/profit	(2,186,776)	3,217,947
Depreciation, amortisation and impairment charges	1,769,279	1,134,321
Loss on disposal of fixed assets	230,694	-
Increase in stocks	(951,404)	(22,874)
Increase in debtors	(4,539,945)	(7,285,707)
Increase in creditors	11,017,669	5,733,677
Impairment of assets on closure of Radcliffe site	(97,817)	-
Net cash inflow from operating activities	<u>4,341,700</u>	<u>2,777,364</u>

24. ANALYSYS OF NET DEBT

	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash	4,144,537	(1,241,509)	2,903,028
	<u>4,144,537</u>	<u>(1,241,509)</u>	<u>2,903,028</u>
Preference shares	(3,090,000)	1,827,301	(1,262,699)
Finance leases	(87,405)	(3,150,178)	(3,237,583)
Loans	(1,470,574)	(27,015)	(1,497,589)
	<u>(4,647,979)</u>	<u>(1,349,892)</u>	<u>(5,997,871)</u>
Net debt	<u>(503,442)</u>	<u>(2,591,401)</u>	<u>(3,094,843)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2012

25 RELATED PARTIES

Other related party transactions

During the year the company made the following related party transactions

Atticus LLP is a partnership in which K Philbin (a director) has an interest in Atticus LLP provided services to the company in the ordinary course of business for £151,500 (2011 £42,052) At the balance sheet date the amount due to Atticus LLP was £30,000 (2011 £nil)

Mark Two Distributors Limited, is a company in which Christopher Hopkinson has an interest in During the year DRL Limited purchased management and logistics services from Mark Two Distributors Limited for £56,140 (2011 £43,678) At the balance sheet date the amount due to Mark Two Distributors Limited was £nil (2011 £4,354)

J Roberts, a director of the company, had an unsecured 0 percent loan, repayable on demand, which was outstanding during the year The amount of the liability including interest to the company at the beginning of the year was £200,000, the maximum during the year was £200,000 Interest charged during the year amounted to £nil During the year the entire loan was repaid

C Hopkinson, a director of the company, had an unsecured 0 percent loan, repayable on demand during the year The amount of the liability including interest to the company at the beginning of the year was £nil, the maximum during the year was £180,000 Interest charged during the year amounted to £nil During the year £180,000 was repaid

ElekDirect Limited is a company which John Roberts (a director of and shareholder in the company's holding company, DRL Holdings Limited) has an interest in, to which the company provided services during the year The transactions comprised sales of £874,800 (2011 £973,471) At the balance sheet date the amount due from ElekDirect Limited was £10,914 (2011 £26,169)

The company had taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group

26. CONTROL

The company is controlled by the directors acting in concert