

PALL-EX LOGISTICS LIMITED

**ABBREVIATED REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 JANUARY 2010

Company registration number: 3865865

RSM Tenon Limited

The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

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PALL-EX LOGISTICS LIMITED

Annual report and financial statements for the year ended 31 January 2010

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Directors

A S Russell
M P Field

Secretary, registered office and business address

M P Field, Pall-Ex House, Victoria Road, Ellistown, Leicestershire, LE67 1FH

Company number

3865865

Auditor

RSM Tenon Audit Limited, The Poynt, 45 Wollaton Street, Nottingham, NG7 6NX

PALL-EX LOGISTICS LIMITED

Report of the directors for the year ended 31 January 2010

The directors present their report together with the audited financial statements of the company for the year ended 31 January 2010

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a final dividend (2009 Nil) During the year the company paid an interim dividend of £Nil (2009 £Nil)

Principal activity, trading review and future developments

The principal activity of the company is that of a distribution company

Gross margin for the year was 11.0% compared to 9.1% in the prior year Profit before taxation for the year is £118,199 compared to £63,067 for the previous year

At the year end the company had shareholders funds of £924,759 including distributable reserves of £924,758 The directors therefore believe the company's position to be satisfactory and are optimistic for the future, especially as the company's net current assets exceed its current liabilities by £646,911

The directors have assessed the main risk facing the company as being dependency on the performance of the UK economy, and interest rate risk The company provides services to businesses primarily in the UK and is therefore heavily dependent on the performance of the UK economy The principal credit risk arises from the company's trade debtors In order to manage this risk credit terms are set for all new customers and regularly reviewed for existing customers

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and hire purchase contracts, and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors

The directors of the company during the period were

A S Russell
M P Field

PALL-EX LOGISTICS LIMITED

Report of the directors for the year ended 31 January 2010 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

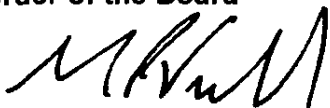
In so far as the directors are aware

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

Auditor

RSM Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the Board



MP Field
Secretary

11 October 2010

**INDEPENDENT AUDITOR'S REPORT TO PALL-EX LOGISTICS LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 5 to 15 together with the financial statements of Pall-Ex Logistics Limited for the year ended 31 January 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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 for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

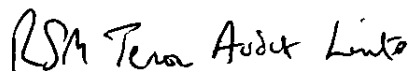
The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

David Hoose, Senior Statutory Auditor
for and on behalf of



RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

27 October 2010

PALL-EX LOGISTICS LIMITED

Abbreviated profit and loss account for the year ended 31 January 2010

	Note	2010 £	2009 £
Gross profit		973,032	1,036,877
Administrative expenses		(832,777)	(952,706)
Operating profit	5	140,255	84,171
Interest payable and similar charges	6	(22,056)	(21,104)
Profit on ordinary activities before taxation		118,199	63,067
Taxation on profit on ordinary activities	7	(12,859)	(54,500)
Profit on ordinary activities after taxation		105,340	8,567

All amounts relate to continuing activities

The company has no recognised gains or losses other than the result for the year as set out above

The notes on pages 8 to 15 form part of these financial statements

PALL-EX LOGISTICS LIMITED**Balance sheet at 31 January 2010**

Company number 3865865

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	8	314,119	427,291
Current assets			
Debtors	9	2,151,179	2,041,596
Cash at bank and in hand		6,667	1,069,402
		<u>2,157,846</u>	<u>3,110,998</u>
Creditors: amounts falling due within one year	10	<u>(1,510,935)</u>	<u>(2,563,584)</u>
Net current assets		<u>646,911</u>	<u>547,414</u>
Total assets less current liabilities		<u>961,030</u>	<u>974,705</u>
Creditors: amounts falling due after more than one year	11	(26,271)	(91,986)
Provision for liabilities			
Deferred taxation	12	<u>(10,000)</u>	<u>(63,300)</u>
Net assets		<u>924,759</u>	<u>819,419</u>
Capital and reserves – equity			
Called up share capital	15	1	1
Profit and loss account	16	<u>924,758</u>	<u>819,418</u>
Shareholder's funds	17	<u>924,759</u>	<u>819,419</u>

The financial statements were approved by the Board and authorised for issue on 11/10/10 and are signed on their behalf by



AS Russell
Director

The notes on pages 8 to 15 form part of these financial statements

PALL-EX LOGISTICS LIMITED**Cashflow statement for the year ended 31 January 2010**

	Note	2010 £	2009 £
Net cash (outflow)/inflow from operating activities	21	(801,399)	1,108,638
Returns on investment and servicing of finance	22	(22,056)	(21,104)
Taxation		(110,481)	(3,145)
Capital expenditure	23	7,346	11,695
Net cash (outflow)/inflow before financing		(926,590)	1,096,084
Financing	24	(136,145)	(140,032)
(Decrease)/increase in cash in the year		(1,062,735)	956,052
Reconciliation of net cash flow to movement in debt			
(Decrease)/increase in cash in the year	25	(1,062,735)	956,052
Cash outflow from decrease in debt	24	136,145	140,032
New hire purchase agreements	25	(20,850)	-
Movement in net debt in the year	25	(947,440)	1,096,084

The notes on pages 8 to 15 form part of these financial statements

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost. The cost of tangible fixed assets is their purchase price, together with any incidental costs of acquisition.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 10 - 33 $\frac{1}{3}$ % per annum
Motor cars	- 25% per annum
Commercial vehicles	- 20% per annum

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010 (*continued*)

1 Accounting policies (*continued*)

Pension Costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

	2010 £	2009 £
Staff costs consist of		
Wages and salaries	960,870	1,222,308
Social security costs	100,116	120,316
Other pension costs	9,062	11,086
	<u>1,070,048</u>	<u>1,353,710</u>

The average number of employees, including directors, during the year was 40 (2009 54)

4 Directors

The directors did not receive any emoluments from the company during the year (2009 £nil)

5 Operating profit

	2010 £	2009 £
This has been arrived at after charging/(crediting)		
Depreciation on owned assets	35,736	56,420
Depreciation on assets held under hire purchase agreements	93,148	54,967
Profit on disposal of fixed assets	(2,208)	(4,621)
Auditors' remuneration – audit services	2,000	1,750
Operating lease costs	<u>39,000</u>	<u>39,000</u>

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010 (*continued*)

6 Interest payable and similar charges

	2010 £	2009 £
Bank overdraft	16	227
Hire purchase contracts	19,334	20,877
Other	2,706	-
	<u>22,056</u>	<u>21,104</u>

7 Taxation on profit on ordinary activities

(a) Analysis of charge in year:

In respect of the year

UK Corporation tax	47,000	44,500
Under provision in prior years	19,159	-
	<u>66,159</u>	<u>44,500</u>
Deferred tax		
Origination of timing differences	(53,300)	10,000
Tax on profit on ordinary activities	<u>12,859</u>	<u>54,500</u>

(b) Factors affecting tax charge in the year:

The tax assessed for the year/period is different from the expected rate of corporation tax. The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>118,199</u>	<u>63,067</u>
Profit on ordinary activities multiplied by expected rate of corporation tax of 28% (2009 28%)	33,095	17,659
Effects of		
Expenses not deductible for tax purposes	212	553
Capital allowances in excess of depreciation	17,114	29,850
Marginal relief	(3,421)	(3,770)
Change in rate of taxation	-	211
Under provision in prior years	19,159	-
	<u>66,159</u>	<u>44,500</u>

PALL-EX LOGISTICS LIMITEDNotes forming part of the financial statements for the year ended 31 January 2010 (*continued*)**8 Tangible fixed assets**

	Motor vehicles £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At 1 February 2009	569,415	140,944	710,359
Additions	20,850	154	21,004
Disposals	(19,780)	(4,776)	(24,556)
At 31 January 2010	<u>570,485</u>	<u>136,322</u>	<u>706,807</u>
<i>Depreciation</i>			
At 1 February 2009	210,424	72,644	283,068
Provided for in the year	115,065	13,819	128,884
Eliminated on disposals	(14,488)	(4,776)	(19,264)
At 31 January 2010	<u>311,011</u>	<u>81,687</u>	<u>392,688</u>
<i>Net book value</i>			
At 31 January 2010	<u>259,484</u>	<u>54,635</u>	<u>314,119</u>
At 31 January 2009	<u>358,991</u>	<u>68,300</u>	<u>427,291</u>

The net book value of tangible fixed assets includes an amount of £244,275 (2009 £387,087) in respect of assets held under hire purchase agreement. The related depreciation charge for the year was £93,148 (2009 £106,659).

9 Debtors

	2010 £	2009 £
Trade debtors	1,228,182	1,971,621
Prepayments and accrued income	55,964	69,975
Amounts owed by group companies	867,033	-
	<u>2,151,179</u>	<u>2,041,596</u>

All amounts shown under debtors fall due for payment within one year.

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010 (*continued*)

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	1,270,866	1,012,314
Taxation and social security	28,358	31,811
Corporation tax	84,215	128,537
Obligations under hire purchase contracts	81,353	130,933
Other creditors	46,143	40,559
Amounts owed to group companies	-	1,219,430
	<u>1,510,935</u>	<u>2,563,584</u>

11 Creditors: amounts falling due after more than one year

Obligations under hire purchase contracts	<u>26,271</u>	<u>91,986</u>
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Obligations under hire purchase contracts are due as follows

In less than one year	81,353	130,933
In more than one year but less than two years	21,058	76,140
In more than two years but less than five years	5,213	15,846
Obligations under hire purchase contracts	<u>107,624</u>	<u>222,919</u>

Amounts due under hire purchase contracts are secured over the assets to which they relate

12 Provisions for liabilities

	2010 £	2009 £
<i>Deferred taxation</i>		
At 1 February 2009	63,300	53,300
Profit and loss account movement arising during the year	(53,300)	10,000
At 31 January 2010	<u>10,000</u>	<u>63,300</u>

The provision for deferred taxation consists of timing difference in respect of accelerated capital allowances

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010 (*continued*)

13 Contingencies

The company has guaranteed the bank overdraft facilities of Pall-Ex Holdings Limited, Pall-Ex (UK) Limited, Pall-IT Limited and Pall-Ex Nottingham Limited. At the year end these group companies had borrowings of £1,312,763 (2009 £1,961,146)

14 Derivatives

The company has no financial instruments that fall to be classified as derivatives

15 Share capital

	2010 and 2009	
	No	£
Ordinary shares of £1 each		
Authorised	1,000	1,000
Allotted, called up and fully paid	1	1

16 Profit and loss account

	2010 £	2009 £
At 1 February 2009	819,418	810,851
Profit for the year	105,340	8,567
At 31 January 2010	924,758	819,418

17 Reconciliation of movement on shareholders funds

Profit for the financial year	105,340	8,567
Opening shareholders funds at 1 February 2009	819,419	810,852
Closing shareholders funds at 31 January 2010	924,759	819,419

PALL-EX LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 January 2010 (*continued*)

18 Related party transactions

The company is a wholly owned subsidiary of Pall-Ex Group Limited. Pall-Ex Group Limited has prepared consolidated financial statements for the year ended 31 January 2010 and therefore, the company has relied on the exemptions contained within Financial Reporting Standard 8 in respect of the disclosure of related party transactions within the group.

19 Controlling parties

The company is controlled by Hilary Devey, by way of her 100% interest in the share capital of the company's ultimate parent company, Pall-Ex Group Limited. Pall-Ex Group Limited is incorporated in Great Britain and the financial statements for that company can be obtained from Companies House.

20 Commitments under operating leases

As at 31 January 2010, the company had annual commitments under non-cancellable operating leases as set out below:

	2010 £	2009 £
Operating leases relating to other items which expire		
In two to five years	39,000	39,000

21 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	140,255	84,171
Depreciation charge	128,884	163,079
Profit on disposal of fixed assets	(2,208)	(4,622)
(Increase)/decrease in debtors	(109,583)	1,339,544
Decrease in creditors	(958,747)	(473,536)
Net cash (outflow)/inflow from operating activities	(801,399)	1,108,638

PALL-EX LOGISTICS LIMITED**Notes forming part of the financial statements for the year ended 31 January 2010 (continued)****22 Returns on investment and servicing of finance**

Interest paid	(2,722)	(227)
Hire purchase interest	(19,334)	(20,877)
	<u>(22,056)</u>	<u>(21,104)</u>

23 Capital expenditure

Receipts on sale of fixed assets	7,500	12,000
Payments to acquire fixed assets	(154)	(305)
	<u>7,346</u>	<u>11,695</u>

24 Financing

Repayment of principal under hire purchase agreements	<u>(136,145)</u>	<u>(140,032)</u>
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25 Analysis of changes in net debt

	At 1 February 2009 £	Cashflow £	Other non- cash changes £	At 31 January 2010 £
<i>Cash</i>				
Cash at bank and in hand	1,069,402	(1,062,735)	-	6,667
<i>Debts</i>				
Hire purchase agreements	(222,919)	136,145	(20,850)	(107,624)
Net debt	<u>864,483</u>	<u>(926,590)</u>	<u>(20,850)</u>	<u>(100,957)</u>