

Sorrento Holdings Limited

Annual report and consolidated financial statements  
for the year ended 30 June 2012

Registered number 06004360



# **Sorrento Holdings Limited**

## **Annual report and consolidated financial statements for the year ended 30 June 2012**

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# **Sorrento Holdings Limited**

## **Directors and advisors for the year ended 30 June 2012**

### **Directors**

J J Mangan  
B M Croghan  
M Ponsonby  
D J Ponsonby

### **Company secretary**

J J Mangan

### **Registered office**

6100 Knights Court  
Solihull Parkway  
Birmingham Business Park  
Solihull  
West Midlands  
B37 7WY

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Bankers**

Barclays Bank Plc  
Barclays Business Centre  
38 Hagley Road  
Edgbaston  
Birmingham  
West Midlands  
B16 8NY

### **Registered number**

06004360

# **Sorrento Holdings Limited**

## **Directors' report for the year ended 30 June 2012**

The directors present their annual report together with the audited consolidated financial statements for the year ended 30 June 2012

### **Principal activities**

The company operates as a holding company of a subsidiary undertaking whose principal activity is that of haulage contractors. The company holds investments in subsidiary undertakings and property.

### **Business review and key performance indicators**

The group continues to provide a high level of service and dedication to its customers.

Although 2012 has been another difficult year for the logistics industry, the group has consolidated its position and has maintained a close relationship with its major customer. The group continues to focus on increasing its customer base through expansion of the group's services through marketing and advertising.

The directors confirm that, after making appropriate enquiries, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The directors monitor the following key performance indicators, turnover, gross profit margin and net profit. The group's turnover has increased by 0.2% to £10,875,604 (2011: £10,851,780). Gross margin has fallen from 19.39% to 16.56% with the total gross profit amounting to £1,801,029 (2011: £2,104,074). The margin has been eroded due to supplier price pressure on a few important routes. The directors are striving to increase the supplier base available on these routes to improve future margin levels. In addition, rate increase discussions with major customers are in progress.

### **Results and dividends**

There was a profit for the financial year after taxation amounting to £144,485 (2011: £178,165). The directors have paid dividends totalling £nil in the year (2011: nil).

### **Future developments**

The directors aim to maintain management policies which have resulted in the group's substantial growth in recent years. They consider the growth to continue through greater efficiency and new product development.

# **Sorrento Holdings Limited**

## **Directors' report for the year ended 30 June 2012 (continued)**

### **Directors**

The directors who served during the year and up to the date of signing of the financial statements are set out below

J J Mangan  
B M Croghan  
M Ponsonby  
D J Ponsonby

### **Creditors payment policy**

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with

At 30 June 2012, the group had an average of 64 days (2011 76 days) purchases outstanding in trade creditors

### **Financial risk management objectives and policies**

The group uses various financial instruments including directors' loan accounts, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken. The main risks arising from the group's financial instruments are market risks, price risks, liquidity risks and credit risks. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years

#### ***Market risk***

A key risk to the group which could result in a material impact on the results of the group is the loss of its major customer. The board are managing the risk by investing significant resources in maintenance of deep, multi-level relationships with the customer in order to drive value and minimise risk for both parties

The group is also exposed to movements in the property market which impact on the valuation of investment properties held by the group. The directors review fluctuations in the underlying market value of the investment properties held and revalue these annually

#### ***Price risk***

The group's exposure to price risk consists mainly of movements in the underlying haulage and transport costs. The directors keep under review the price fluctuations and agree quarterly prices in advance with customers and suppliers

#### ***Liquidity risk***

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities

# Sorrento Holdings Limited

## Directors' report for the year ended 30 June 2012 (continued)

### *Credit risk*

The group's principal financial assets are trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

### **Directors' responsibilities statement**

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 prepared the group and parent group 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 the company and of the profit or loss of the group 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,
- state whether applicable 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.

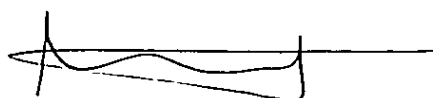
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418 of the Companies Act 2006, each director confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he 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.

On behalf of the board



J J Mangan  
Director  
21 January 2013

## **Independent auditors' report to the members of Sorrento Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") of Sorrento Holdings Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 group's and parent 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 Directors' 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 group's and the parent company's affairs as at 30 June 2012 and of the group's profit and cash flows 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.

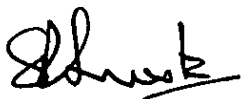
### **Opinion on other matter prescribed by the Companies Act 2006**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Stephen Snook (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
21 January 2013

# Sorrento Holdings Limited

## Consolidated profit and loss account for the year ended 30 June 2012

		2012	2011
	Notes	£	£
<b>Turnover</b>	2	<b>10,875,604</b>	10,851,780
Cost of sales		(9,074,575)	(8,747,706)
<b>Gross profit</b>		<b>1,801,029</b>	2,104,074
Administrative expenses		(1,654,713)	(1,834,084)
Other operating income		157,787	103,704
<b>Operating profit</b>	3	<b>304,103</b>	373,694
Interest receivable and similar income	5	1,704	1,658
Interest payable and similar charges	6	(43,209)	(47,538)
<b>Profit on ordinary activities before taxation</b>		<b>262,598</b>	327,814
Tax charge on profit on ordinary activities	7	(111,686)	(136,830)
<b>Profit on ordinary activities after taxation</b>		<b>150,912</b>	190,984
Equity interests	20	(6,427)	(12,819)
<b>Profit for the financial year</b>	18	<b>144,485</b>	178,165

All of the activities of the company are classed as continuing

The group has no recognised gains or losses other than the results for the financial years as set out above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents



# Sorrento Holdings Limited

## Consolidated balance sheet as at 30 June 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	9	779,098	895,690
Investment property	11	1,479,249	1,479,249
		<b>2,258,347</b>	<b>2,374,939</b>
<b>Current assets</b>			
Debtors	12	2,651,277	2,558,344
Cash at bank and in hand		539,420	523,554
		<b>3,190,697</b>	<b>3,081,898</b>
<b>Creditors, amounts falling due within one year</b>	13	<b>(3,204,576)</b>	<b>(3,152,508)</b>
<b>Net current assets liabilities</b>		<b>(13,879)</b>	<b>(70,610)</b>
<b>Total assets less current liabilities</b>		<b>2,244,468</b>	<b>2,304,329</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(942,058)</b>	<b>(1,131,331)</b>
<b>Net assets</b>		<b>1,302,410</b>	<b>1,172,998</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Investment property revaluation reserve	18	5,713	5,713
Profit and loss account	18	1,167,391	1,022,906
<b>Total shareholders' funds</b>	19	<b>1,174,104</b>	<b>1,029,619</b>
Minority interests	20	128,306	143,379
<b>Capital employed</b>		<b>1,302,410</b>	<b>1,172,998</b>

The financial statements set out on pages 6 to 27 were approved by the board of directors on 21 January 2013 and were signed on its behalf by



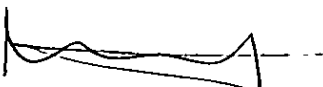
J J Mangan  
Directors

# Sorrento Holdings Limited

## Company balance sheet as at 30 June 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	9	653,029	667,531
Investments	10	808,017	782,308
Investment property	11	1,479,249	1,479,249
		<b>2,940,295</b>	<b>2,929,088</b>
<b>Current assets</b>			
Debtors	12	10,113	191,359
Cash at bank and in hand		97,622	180,693
		<b>107,735</b>	<b>372,052</b>
<b>Creditors</b> amounts falling due within one year	13	<b>(991,053)</b>	<b>(1,219,434)</b>
<b>Net current liabilities</b>		<b>(883,318)</b>	<b>(847,382)</b>
<b>Total assets less current liabilities</b>		<b>2,056,977</b>	<b>2,081,706</b>
<b>Creditors</b> , amounts falling due after more than one year	14	<b>(882,365)</b>	<b>(1,051,600)</b>
<b>Provisions for liabilities and charges</b>	16	<b>(508)</b>	<b>(487)</b>
<b>Net assets</b>		<b>1,174,104</b>	<b>1,029,619</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Investment revaluation reserve	18	799,115	773,406
Investment property revaluation reserve	18	5,713	5,713
Profit and loss account	18	368,276	249,500
<b>Total shareholders' funds</b>	19	<b>1,174,104</b>	<b>1,029,619</b>

The financial statements set out on pages 6 to 27 were approved by the board of directors on 21 January 2013 and were signed on its behalf by



J J Mangan  
Director

Company registered number 06004360

# Sorrento Holdings Limited

## Consolidated cash flow statement for the year ended 30 June 2012

	Notes	2012 £	2011 £
<b>Reconciliation of operating profit to net cash inflow from operating activities:</b>			
Operating profit		304,103	373,694
Depreciation of tangible fixed assets		156,894	162,007
Increase in debtors		(85,043)	(319,702)
Increase in creditors		43,628	522,218
<b>Net cash inflow from operating activities</b>		<b>419,582</b>	<b>738,217</b>
<b>Cash flow statement:</b>			
Net cash inflow from operating activities		419,582	738,217
Net cash outflow from returns on investments and servicing of finance	21	(63,005)	(67,380)
Taxation		(80,154)	(199,962)
Net cash outflow from capital expenditure and financial investment	21	(40,302)	(1,251,078)
Equity dividends paid		-	-
Net cash (outflow)/inflow from financing	21	(183,588)	644,178
<b>Increase/(decrease) in cash</b>		<b>52,533</b>	<b>(136,025)</b>
<b>Reconciliation of net cash flow to movement in net debt:</b>			
Increase/(decrease) in cash in the year	22	52,533	(136,025)
Cash outflow/(inflow) from decrease/increase in debt	22	183,588	(802,994)
Change in net debt	22	236,121	(939,019)
Net debt at 1 July	22	(827,226)	111,793
<b>Net debt at 30 June</b>	<b>22</b>	<b>(591,105)</b>	<b>(827,226)</b>

# **Sorrento Holdings Limited**

## **Notes to the financial statements for the year ended 30 June 2012**

### **1 Accounting policies**

#### **Basis of preparation**

These financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. Accounting policies have been consistently applied.

The financial statements have also been prepared on a going concern basis after making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The principal accounting policies of the company are set out below.

#### **Basis of consolidation**

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertaking as at 30 June 2012. Where subsidiaries are acquired or disposed of during the year, their results are included in the group financial statements from/to the date of acquisition/disposal using the acquisition method of accounting. Intragroup balances and any unrealised gains or losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

A separate profit and loss account for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The profit for the financial year of the parent company was £118,776 (2011: £126,889).

#### **Turnover**

Turnover represents the amount derived from the sale of logistics services falling within the group's principal activity, excluding value added tax. Revenue is recognised when the service is provided.

#### **Tangible fixed assets and depreciation**

Fixed assets are shown in the balance sheet at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its current working condition. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets on a straight line basis over their expected useful lives or, if held under a finance lease, over the lease term, whichever is shorter. The rates generally applicable are:

Freehold property	-	2% on cost
Plant and machinery	-	25% on cost
Fixtures and fittings	-	15% on reducing balance
Computer equipment	-	50% in the year of acquisition and then 20% straight line thereafter
Motor Vehicles	-	25% on cost

# **Sorrento Holdings Limited**

## **Notes to the financial statements for the year ended 30 June 2012 (continued)**

### **1 Accounting policies (continued)**

#### **Investment property**

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, except where a deficit on an individual investment property is expected to be permanent in which case it is charged (or credited where a deficit is reversed) to the profit and loss account in the period. No depreciation is provided in respect of investment properties.

The Companies Act 2006 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

#### **Investments**

The company carries its investments in subsidiary undertakings at underlying net asset value. The original cost of the investments is adjusted for the movement in the underlying net assets (net of minority interests) applicable to the investments since their date of acquisition with an adjustment to the company's revaluation reserve.

Any reduction in the value of a subsidiary to below its acquisition cost is written off to the profit and loss account unless the fall is believed to be of a temporary nature in which case it is debited to the revaluation reserve.

#### **Taxation including deferred taxation**

Corporation tax payable is provided on taxable profits at the current rate.

In accordance with FRS19 deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured on a non-discounted basis using rates of tax that would apply when the timing differences are expected to reverse and based on rates that have been enacted or substantively enacted by the balance sheet date.

#### **Foreign currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### **Leases**

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

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 1 Accounting policies (continued)

#### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividend and distributions relating to equity instruments are debited directly to equity.

#### Employer financed retirement benefit scheme

The group has established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, the Corporate Solutions (Logistics) Limited Employer Financed Retirement Benefit Scheme ("The Scheme").

In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements" the group does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of The Scheme and will not have control of the rights or other access to those present economic benefits.

### 2 Turnover

The turnover is attributed to the principal activity of the group.

An analysis of turnover by geographical market is given below.

	2012	2011
	£	£
United Kingdom	10,875,604	10,776,022
Europe	-	75,758
<b>Total</b>	<b>10,875,604</b>	<b>10,851,780</b>

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 3 Operating profit

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation on tangible fixed assets		
- owned by the group	156,894	162,007
Audit fee – parent company and consolidation	1,500	1,000
Audit fee - subsidiary	16,500	16,500
Auditors' remuneration – other services		
- Services relating to taxation	4,000	3,000
Operating lease rentals		
- Plant and machinery	1,921	1,752

### 4 Directors' and employees

	2012	2011
	£	£
Wages and salaries	1,149,943	1,317,061
Social security costs	120,032	141,304
	1,269,975	1,458,365

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 4 Directors' and employees (continued)

The average monthly number of employees of the company during the year was

	2012	2011
	Number	Number
Directors	4	4
Administration	15	15
	19	19

Remuneration in respect of directors was as follows

	2012	2011
	£	£
Aggregate emoluments	784,558	971,763

During the year, no directors (2010 nil) participated in money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	2012	2011
	£	£
Aggregate emoluments	205,288	226,125

### 5 Interest receivable and similar income

	2012	2011
	£	£
Bank interest receivable	1,704	1,658



# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 6 Interest payable and similar charges

	2012	2011
	£	£
Finance lease interest	5,267	3,011
Bank loan and overdraft interest	37,942	44,527
	43,209	47,538

### 7 Tax charge on profit on ordinary activities

a) The tax charge is based on the profit for the year and represents

	2012	2011
	£	£
<b>UK corporation tax</b>		
Current tax charge on profit for the year	129,687	144,691
Adjustments in respect of prior years	(10,111)	73
<b>Total current tax</b>	<b>119,576</b>	<b>144,764</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,680)	(7,429)
Changes in tax rates	(210)	(505)
<b>Total deferred tax (note 16)</b>	<b>(7,890)</b>	<b>(7,934)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>111,686</b>	<b>136,830</b>

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 7 Tax charge on profit on ordinary activities (continued)

#### (b) Factors affecting tax charge for the year

The amount of the tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 25.5% (2011 27.5%). The differences are explained below

	2012	2011
	£	£
Profit before taxation	262,599	327,814
Taxation at 25.5% (2011 27.5%)	66,963	90,149
Effect of		
Expenses not deductible for tax purposes	60,172	60,476
Accelerated capital allowances	14,739	8,920
Tax at marginal rates	(12,186)	(14,854)
Adjustments in respect of prior years	(10,592)	73
<b>Current tax charge for the year</b>	<b>119,096</b>	<b>144,764</b>

#### (c) Factors affecting future tax charge

A reduction in the UK corporation tax rate to 24% from 1 April 2012 was announced in the 2012 UK Budget Report and has been enacted in Finance Act 2012. This had been substantively enacted at the balance sheet date and, as such, deferred tax balances have been calculated at this rate.

Other changes such as the proposed reduction in the UK corporation tax rate to 23% from April 2013, with a further 1% reduction in the following year will result in a UK corporation tax rate of 22% from April 2014. Although the reduction in the UK corporation tax rate to 23% from April 2013 has now been enacted, none of these rate changes had been substantively enacted as at the balance sheet date and have therefore not been reflected in these financial statements.

The lengthy process for reforming the UK's rules for taxing controlled foreign companies completed with the issues of draft legislation in the UK Finance Bill 2012. This has now been enacted in Finance Act 2012 and we do not expect any material adverse impact of this legislation on our holdings in foreign operations.

### 8 Dividends

	2012	2011
	£	£
Dividends on equity shares		
Interim paid for 2012 of £nil (2011 £0) per £1 ordinary share	-	-

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 9 Tangible fixed assets

	Freehold property	Plant and machinery	Fixtures and fittings	Motor Vehicles	Total
Group	£	£	£	£	£
<b>Cost</b>					
At 1 July 2011	709,178	444,615	2,809	158,816	1,315,418
Additions	-	23,607	-	16,695	40,302
<b>At 30 June 2012</b>	<b>709,178</b>	<b>468,222</b>	<b>2,809</b>	<b>175,511</b>	<b>1,355,720</b>
<b>Depreciation</b>					
At 1 July 2011	43,764	335,568	692	39,704	419,728
Charge for the year	14,184	99,349	318	43,043	156,894
<b>At 30 June 2011</b>	<b>57,948</b>	<b>434,917</b>	<b>1,010</b>	<b>82,747</b>	<b>576,622</b>
<b>Net book value</b>					
<b>At 30 June 2012</b>	<b>651,230</b>	<b>33,305</b>	<b>1,799</b>	<b>92,764</b>	<b>779,098</b>
At 30 June 2011	665,414	109,047	2,117	119,112	895,690

The freehold property is subject to a fixed charge (see note 15)

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 9 Tangible fixed assets (continued)

	Freehold property	Fixtures and fittings	Total
Company	£	£	£
<b>Cost</b>			
At 1 July 2011	709,178	2,809	711,987
Additions	-	-	-
<b>At 30 June 2012</b>	<b>709,178</b>	<b>2,809</b>	<b>711,987</b>
<b>Accumulated depreciation</b>			
At 1 July 2011	43,764	692	44,456
Charge for the year	14,184	318	14,502
<b>At 30 June 2012</b>	<b>57,948</b>	<b>1,010</b>	<b>58,958</b>
<b>Net book value</b>			
<b>At 30 June 2012</b>	<b>651,230</b>	<b>1,799</b>	<b>653,029</b>
At 30 June 2011	665,414	2,117	667,531

The freehold property is subject to a fixed charge (see note 15)

### 10 Fixed asset investments

Company	Unlisted investments
Carrying Value	£
At 1 July 2011	782,308
Revaluations	25,709
<b>At 30 June 2012</b>	<b>808,017</b>

If fixed asset investments had not been revalued they would have been included at a historical cost of £8,903 (2011: £8,903)

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 10 Fixed asset investments (continued)

The company's investments at the balance sheet date in the share capital of companies include the following

Name of undertaking	Country of incorporation	Nature of business	Description of shares held	Proportion of nominal value of issued shares held by:	
				Group %	Company %
Corporate Solutions (Logistics) Limited	England	Haulage contractors	'A' Ordinary Shares	100	100

Included within the aggregate share capital and reserves of Corporate Solutions (Logistics) Limited are ordinary "B" shares with a nominal value of £43,000. These shares do not carry any voting rights and represent 20% of the subsidiary company's ordinary share capital. The company does not have any interest in these shares.

### 11 Investment property

#### Group and Company

Cost and Net Book Value	£
At 1 July 2011	1,479,249
Additions	-
At 30 June 2012	1,479,249

The above investment property includes both freehold and long leasehold property.

The investment properties were valued on an open market basis by the directors who are of the opinion that as at 30 June 2012 this valuation is not materially different from the net book value shown in the financial statements.

The investment property is subject to a fixed charge (see note 15).

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 12 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
<b>Due within one year.</b>				
Trade debtors	2,499,131	2,455,577	433	44,760
Amounts due from group undertakings	-	-	-	136,020
Other debtors	-	800	-	-
Prepayments and accrued income	142,558	100,269	9,680	10,579
Deferred tax asset (see note 16)	9,588	1,698	-	-
	<b>2,651,277</b>	<b>2,558,344</b>	<b>10,113</b>	<b>191,359</b>

### 13 Creditors amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (note 15)	168,806	199,788	168,806	199,788
Trade creditors	2,249,999	2,128,390	5,832	12,801
Amounts owed to group undertakings	-	-	579,632	739,632
Corporation tax	184,687	145,264	35,275	43,335
Other tax and social security	136,476	169,832	71,962	103,369
Finance leases (see note 23)	19,661	19,661	-	-
Accruals and deferred income	444,947	489,573	129,546	120,509
	<b>3,204,576</b>	<b>3,152,508</b>	<b>991,053</b>	<b>1,219,434</b>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 14 Creditors, amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (note 15)	882,365	1,051,600	882,365	1,051,600
Finance leases (see note 23)	59,693	79,731	-	-
	942,058	1,131,331	882,365	1,051,600

### 15 Bank loans and overdrafts

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank overdraft due within one year	-	36,667	-	36,667
<b>Bank loans:</b>				
Due within one year	168,806	163,121	168,806	163,121
Between one and two years	174,690	168,806	174,690	168,806
Between two and five years	707,675	882,794	707,675	882,794
	1,051,171	1,251,388	1,051,171	1,251,388

Bank loans of £1,051,171 (2011 £1,214,721) are secured by a fixed charge over the freehold and investment properties, repayable over a 5 year period and bear interest at rates of 3.25% and 2.5% above base rate

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 16 Provisions for liabilities and charges

#### Group

	Group		Company	
	2012	2011	2012	2011
Deferred tax	£	£	£	£
At 1 July 2011	(1,698)	6,236	487	408
Profit and loss (credit)/charge	(7,890)	(7,934)	21	79
At 30 June 2012	(9,588)	(1,698)	508	487

Deferred tax is analysed as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	(9,588)	(1,698)	508	487
At 30 June 2011	(9,588)	(1,698)	508	487

The group has not recognised deferred tax assets of £96,000 (2011 £55,000) in respect of other temporary timing differences to the extent that the realisation of the related tax benefit through future taxable profits is not yet probable

### 17 Called up share capital

	2012	2011
	£	£
Allotted and fully paid		
1,000 (2011 1,000) Ordinary shares of £1 each	1,000	1,000



# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 18 Reserves

Group	Profit and loss account	Investment property revaluation reserve	Total
	£	£	£
At 1 July 2011	1,022,906	5,713	1,028,619
Profit for the year	144,485	-	144,485
<b>At 30 June 2012</b>	<b>1,167,391</b>	<b>5,713</b>	<b>1,173,104</b>

Company	Profit and loss account	Investment revaluation reserve	Investment property revaluation reserve	Total
	£	£	£	£
At 1 June 2011	249,500	773,406	5,713	1,028,619
Profit for the year	118,776	-	-	118,776
Investment property revaluation	-	-	-	-
Investment revaluation	-	25,709	-	25,709
<b>At 30 June 2012</b>	<b>368,276</b>	<b>799,115</b>	<b>5,713</b>	<b>1,173,104</b>

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 19 Reconciliation of movements in shareholders' funds

Group	2012	2011
	£	£
Profit for the financial year	144,485	178,165
<b>Net additions to shareholders funds</b>	<b>144,485</b>	<b>178,165</b>
Opening shareholders funds	1,029,619	851,454
<b>Shareholders' funds at 30 June</b>	<b>1,174,104</b>	<b>1,029,619</b>
<b>Company</b>	<b>2012</b>	<b>2011</b>
	£	£
Profit for the financial year	118,776	126,889
Investment revaluation	25,709	51,276
<b>Net additions to shareholders funds</b>	<b>144,485</b>	<b>178,165</b>
Opening shareholders funds	1,029,619	851,454
<b>Shareholders' funds at 30 June</b>	<b>1,174,104</b>	<b>1,029,619</b>

### 20 Minority interests

The minority interest is calculated as follows

Shareholders funds	£
At 1 July 2011	143,379
Profit for the year	6,427
Dividends paid	(21,500)
<b>At 30 June 2012</b>	<b>128,306</b>

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 21 Analysis of gross cash flows

	2012	2011
	£	£
<b>Returns on investments and servicing finance</b>		
Interest received	1,704	1,658
Interest paid	(37,942)	(44,527)
Interest element of finance lease payments	(5,267)	(3,011)
Dividend paid to minority interests	(21,500)	(21,500)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(63,005)</b>	<b>(67,380)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(40,302)	(75,779)
Purchase of investment property	-	(1,175,299)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(40,302)</b>	<b>(1,251,078)</b>
<b>Financing</b>		
Repayment of borrowings	(163,550)	(91,017)
Increase in borrowings	-	794,619
Capital element of finance lease payments	(20,038)	(59,424)
<b>Net cash (outflow)/inflow from financing</b>	<b>(183,588)</b>	<b>644,178</b>

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 22 Analysis of changes in net debt

	At 30 June 2011	Cash flows	Non cash changes	At 30 June 2012
	£	£	£	£
Cash at bank and in hand	523,554	15,866	-	539,420
Bank overdrafts	(36,667)	36,667	-	-
Debt falling due within one year	(163,121)	(5,685)	-	(168,806)
Debt falling due after one year	(1,051,600)	169,235	-	(882,365)
Finance leases due within one year	(19,661)	-	-	(19,661)
Finance leases due after one year	(79,731)	20,038	-	(59,693)
Total	(827,226)	236,121	-	(591,105)

### 23 Commitments under leasing arrangements

#### Group

#### Finance leases

Future minimum payments under finance leases are as follows

	Finance leases	
	2012	2011
	£	£
Finance leases which expire		
Within one year	19,661	19,661
Within 2 to 5 years	59,693	79,731
	79,354	99,392

# Sorrento Holdings Limited

## Notes to the financial statements for the year ended 30 June 2012 (continued)

### 23 Commitments under leasing arrangements (continued)

#### Operating leases

As at 30 June 2012, the group had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows

	Operating leases	
	2012	2011
	£	£
Operating leases which expire		
Within one year	2,120	1,752
Within 2 to 5 years	942	2,190
	3,062	3,942

#### Company

At 30 June 2012, the company had no annual non-cancellable commitments under operating leases

### 24 Related party transactions

#### Transactions with directors

There were no transactions with the Directors in the year (2011 £nil) other than as disclosed in note 4

### 25 Controlling parties

The company and group are wholly owned and controlled by the directors with no one ultimate controlling party