

Sorrento Holdings Limited

Annual report and consolidated financial
statements

for the year ended 30 June 2011

Registered number 06004360



Sorrento Holdings Limited

Annual report and consolidated financial statements for the year ended 30 June 2011

	Page
Directors and advisors for the year ended 30 June 2011	1
Directors' report for the year ended 30 June 2011	2
Independent auditors' report to the members of Sorrento Holdings Limited	5
Consolidated profit and loss account for the year ended 30 June 2011	6
Consolidated balance sheet as at 30 June 2011	7
Company balance sheet as at 30 June 2011	8
Consolidated cash flow statement for the year ended 30 June 2011	9
Notes to the financial statements for the year ended 30 June 2011	10

Sorrento Holdings Limited

Directors and advisors for the year ended 30 June 2011

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 2011

The directors present their annual report together with the audited consolidated financial statements for the year ended 30 June 2011

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 company has continued to provide a high level of service and dedication to its customers and has developed a new website which provides useful information to existing and potential new customers.

Although 2011 has been a difficult year for the logistics industry, the company has continued to grow in strength and has maintained a close relationship with its major customer. The company continues to focus on increasing its customer base through expansion of the company's services through marketing and advertising.

The company has also invested resources in investment properties for re-development and subsequent rental. Rental income has been generated in the current financial year relating to these properties and recorded as other operating income. Adequate finance will be available to take advantage of further business opportunities and the directors consider the state of affairs to be satisfactory.

The directors confirm that, after making appropriate enquiries, they have a reasonable expectation that the company 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 2.7% to £10,851,780 (2010: £10,569,570). Gross margin has increased from 17.3% to 19.4% with the total gross profit amounting to £2,104,074 (2010: £1,827,815).

Results and dividends

There was a profit for the financial year after taxation amounting to £178,165 (2010: £442,842). The directors have paid dividends totalling £nil in the year (2010: £258,000).

Future developments

The directors aim to maintain management policies which have resulted in the company'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 2011 (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 company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

At 30 June 2011, the company had an average of 76 days (2010 79 days) purchases outstanding in trade creditors

Financial risk management objectives and policies

The company 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 company's operations. The existence of these financial instruments exposes the company 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 company'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 company which could result in a material impact on the results of the company 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 company is also exposed to movements in the property market which impact on the valuation of investment properties held by the company. The directors review fluctuations in the underlying market value of the investment properties held and revalue these annually

Price risk

The company'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 company 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 2011 (continued)

Credit risk

The company'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 company 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.

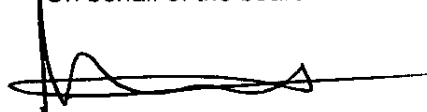
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply 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
31 January 2012

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 2011 which comprise the consolidated profit and loss account, the consolidated and 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 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 group's and the parent company's affairs as at 30 June 2011 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
1 February 2012

Sorrento Holdings Limited

Consolidated profit and loss account for the year ended 30 June 2011

		2011	2010
	Notes	£	£
Turnover	2	10,851,780	10,569,570
Cost of sales		(8,747,706)	(8,741,755)
Gross profit		2,104,074	1,827,815
Administrative expenses		(1,834,084)	(1,073,429)
Other operating income		103,704	8,750
Operating profit	3	373,694	763,136
Interest receivable and similar income	5	1,658	478
Interest payable and similar charges	6	(47,538)	(33,093)
Profit on ordinary activities before taxation		327,814	730,521
Tax charge on profit on ordinary activities	7	(136,830)	(197,619)
Profit on ordinary activities after taxation		190,984	532,902
Minority interests - equity	20	(12,819)	(90,060)
Profit for the financial year	18	178,165	442,842

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 period stated above and their historical cost equivalents

Sorrento Holdings Limited

Consolidated balance sheet as at 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible fixed assets	9	895,690	823,102
Investment property	11	1,479,249	303,950
		2,374,939	1,127,052
Current assets			
Debtors	12	2,558,344	2,236,944
Cash at bank and in hand		523,554	623,399
		3,081,898	2,860,343
Creditors: amounts falling due within one year	13	(3,152,508)	(2,475,962)
Net current assets		(70,610)	384,381
Total assets less current liabilities		2,304,329	1,511,433
Creditors: amounts falling due after more than one year	14	(1,131,331)	(501,683)
Provisions for liabilities and charges	16	-	(6,236)
Net assets		1,172,998	1,003,514
Capital and reserves			
Called up share capital	17	1,000	1,000
Investment property revaluation reserve	18	5,713	5,713
Profit and loss reserve	18	1,022,906	844,741
Total shareholders' funds	19	1,029,619	851,454
Minority interests	20	143,379	152,060
Capital employed		1,172,998	1,003,514

The financial statements set out on pages 7 to 27 were approved by the board of directors on 31 January 2012 and were signed on its behalf by



J J Mangan
Directors
31 January 2012

Sorrento Holdings Limited

Company balance sheet as at 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible fixed assets	9	667,531	682,089
Investments	10	782,308	731,033
Investment property	11	1,479,249	303,950
		2,929,088	1,717,072
Current assets			
Debtors	12	191,359	24,329
Cash at bank and in hand		180,693	5,296
		372,052	29,625
Creditors: amounts falling due within one year	13	(1,219,434)	(393,152)
Net current liabilities		(847,382)	(363,527)
Total assets less current liabilities		2,081,706	1,353,545
Creditors: amounts falling due after more than one year	14	(1,051,600)	(501,683)
Provisions for liabilities and charges	16	(487)	(408)
Net assets		1,029,619	851,454
Capital and reserves			
Called up share capital	17	1,000	1,000
Investment revaluation reserve	18	773,406	722,130
Investment property revaluation reserve	18	5,713	5,713
Profit and loss account	18	249,500	122,611
Total shareholders' funds	19	1,029,619	851,454

The financial statements set out on pages 7 to 27 were approved by the board of directors on 31 January 2012 and were signed on its behalf by



J J Mangan
Director
31 January 2012

Company registered number 06004360

Sorrento Holdings Limited

Consolidated cash flow statement for the year ended 30 June 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities:			
Operating profit		373,694	763,136
Depreciation of tangible fixed assets		162,007	134,842
Increase in debtors		(319,702)	(433,169)
Increase in creditors		522,218	363,343
Net cash inflow from operating activities		738,217	828,152
Cash flow statement:			
Net cash inflow from operating activities		738,217	828,152
Net cash outflow from returns on investments and servicing of finance	21	(67,380)	(54,115)
Taxation		(199,962)	(120,237)
Net cash outflow from capital expenditure and financial investment	21	(1,251,078)	(158,574)
Equity dividends paid		-	(258,000)
Net cash inflow/(outflow) from financing	21	644,178	(9,279)
(Decrease)/increase in cash		(136,025)	227,947
Reconciliation of net cash flow to movement in net debt:			
(Decrease)/increase in cash in the year	22	(136,025)	227,947
Cash (inflow)/outflow from increase/decrease in debt	22	(802,994)	9,279
Change in net debt	22	(939,019)	237,226
Net debt at 1 July	22	111,793	(125,433)
Net (debt)/funds at 30 June	22	(827,226)	111,793

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011

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 2011. Where subsidiaries are acquired or disposed of during the year, their results are included in the group accounts 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 £126,889 (2010: £340,594).

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 2011 (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 accounts for its investments in subsidiary undertakings by the equity method, whereby 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 2011 (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.

	2011	2010
	£	£
United Kingdom	10,776,022	10,472,655
Europe	75,758	96,915
Total	10,851,780	10,569,570

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

3 Operating profit

The operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation on tangible fixed assets		
- owned by the group	162,007	134,842
Audit fee	17,500	17,500
Auditors' remuneration – other services		
- Services relating to taxation	3,000	3,000
Operating lease rentals		
- Plant and machinery	1,752	30,960

4 Directors' and employees

	2011	2010
	£	£
Wages and salaries	1,317,061	866,001
Social security costs	141,304	95,149
	1,458,365	961,150

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

4 Directors' and employees (continued)

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

	2011	2010
	Number	Number
Directors	4	4
Administration	15	14
	19	18

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Aggregate emoluments	971,763	493,717

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

	2011	2010
	£	£
Aggregate emoluments	226,125	127,017

5 Interest receivable and similar income

	2011	2010
	£	£
Bank interest receivable	1,658	478

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

6 Interest payable and similar charges

	2011	2010
	£	£
Finance lease interest	3,011	-
Bank loan and overdraft interest	44,527	33,093
	47,538	33,093

7 Tax charge on profit on ordinary activities

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

	2011	2010
	£	£
UK corporation tax		
Current tax charge on profit for the year	144,691	199,833
Adjustments in respect of prior years	73	-
Total current tax	144,764	199,833
Deferred tax		
Origination and reversal of timing differences	(7,429)	(2,214)
Changes in tax rates	(505)	-
Total deferred tax (note 16)	(7,934)	(2,214)
Tax charge on profit on ordinary activities	136,830	197,619

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (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 higher (2010 lower) than the standard rate of corporation tax in the UK of 27.5% (2010 28%). The differences are explained below

	2011	2010
	£	£
Profit before taxation	327,814	730,521
Taxation at 27.5% (2010 28%)	90,149	204,546
Expenses not deductible for tax purposes	60,476	20,510
Accelerated capital allowances	8,920	2,214
Tax at marginal rates	(14,854)	(27,437)
Adjustments in respect of prior years	73	-
Current tax charge for the year	144,764	199,833

(c) Factors affecting future tax charge

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

8 Dividends

	2011	2010
	£	£
Dividends on equity shares		
Interim paid for 2011 of £nil (2010 £258) per £1 ordinary share	-	258,000

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

9 Tangible fixed assets

	Freehold property	Plant and machinery	Fixtures and fittings	Motor Vehicles	Total
Group	£	£	£	£	£
Cost					
At 1 July 2010	709,178	368,836	2,809	-	1,080,823
Additions	-	75,779	-	158,816	234,595
At 30 June 2011	709,178	444,615	2,809	158,816	1,315,418
Depreciation					
At 1 July 2010	29,580	227,823	318	-	257,721
Charge for the year	14,184	107,745	374	39,704	162,007
At 30 June 2011	43,764	335,568	692	39,704	419,728
Net book value					
At 30 June 2011	665,414	109,047	2,117	119,112	895,690
At 1 July 2010	679,598	141,013	2,491	-	823,102

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 2011 (continued)

9 Tangible fixed assets (continued)

	Freehold property	Fixtures and fittings	Total
Company	£	£	£
Cost			
At 1 July 2010	709,178	2,809	711,987
Additions	-	-	-
At 30 June 2011	709,178	2,809	711,987
Depreciation			
At 1 July 2010	29,580	318	29,898
Charge for the year	14,184	374	14,558
At 30 June 2011	43,764	692	44,456
Net book value			
At 30 June 2011	665,414	2,117	667,531
At 1 July 2010	679,598	2,491	682,089

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

10 Fixed asset investments

Company	Unlisted investments
Carrying Value	£
At 1 July 2010	731,033
Revaluations	51,275
At 30 June 2011	782,308

If fixed asset investments had not been revalued they would have been included at a historical cost of £8,903 (2010 £8,903)

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (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 2010	303,950
Additions	1,175,299
At 30 June 2011	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 2011 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 2011 (continued)

12 Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Due within one year:				
Trade debtors	2,455,577	2,142,774	44,760	10,614
Amounts due from group undertakings	-	-	136,020	-
Other debtors	800	12,118	-	12,118
Prepayments and accrued income	100,269	82,052	10,579	1,597
Deferred tax asset (see note 16)	1,698	-	-	-
	2,558,344	2,236,944	191,359	24,329

13 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (note 15)	199,788	9,923	199,788	9,436
Trade creditors	2,128,390	1,926,453	12,801	1,630
Amounts owed to group undertakings	-	-	739,632	334,532
Corporation tax	145,264	200,462	43,335	23,885
Other tax and social security	169,832	136,072	103,369	-
Finance leases (see note 23)	19,661	-	-	-
Accruals and deferred income	489,573	203,052	120,509	23,669
	3,152,508	2,475,962	1,219,434	393,152

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 2011 (continued)

14 Creditors amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (note 15)	1,051,600	501,683	1,051,600	501,683
Finance leases (see note 23)	79,731	-	-	-
	1,131,331	501,683	1,051,600	501,683

15 Bank loans and overdrafts

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank overdraft due within one year	36,667	487	36,667	-
Bank loans:				
Due within one year	163,121	9,436	163,121	9,436
Between one and two years	168,806	10,080	168,806	10,080
Between two and five years	882,794	34,559	882,794	34,559
After more than five years	-	457,044	-	457,044
	1,251,388	511,606	1,251,388	511,119

Bank loans of £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 2011 (continued)

16 Provisions for liabilities and charges

Group

	Group		Company	
	2011	2010	2011	2010
Deferred tax	£	£	£	£
At 1 July 2010	6,236	8,450	408	379
Profit and loss (credit)/charge	(7,934)	(2,214)	79	29
At 30 June 2011	(1,698)	6,236	487	408

Deferred tax is analysed as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	(1,698)	6,236	487	408
At 30 June 2011	(1,698)	6,236	487	408

The group has not recognised deferred tax assets of £55,000 (2010 nil) 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

	2011	2010
	£	£
Allotted and fully paid		
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 2011 (continued)

18 Reserves

Group	Profit and loss reserve	Investment property revaluation reserve	Total
	£	£	£
At 1 July 2010	844,741	5,713	850,454
Profit for the year	178,165	-	178,165
At 30 June 2011	1,022,906	5,713	1,028,619

Company	Profit and loss reserve	Investment revaluation reserve	Investment property revaluation reserve	Total
	£	£	£	£
At 1 June 2010	122,611	722,130	5,713	850,454
Profit for the year	126,889	-	-	126,889
Investment property revaluation	-	-	-	-
Investment revaluation	-	51,276	-	51,276
At 30 June 2011	249,500	773,406	5,713	1,028,619

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

19 Reconciliation of movements in shareholders' funds

Group	2011	2010
	£	£
Profit for the financial year	178,165	442,842
Revaluation of investment property	-	5,713
Dividends	-	(258,000)
Net additions to shareholders funds	178,165	190,555
Opening shareholders funds	851,454	660,899
Shareholders' funds at 30 June	1,029,619	851,454
Company	2011	2010
	£	£
Profit for the financial year	126,889	340,594
Investment property revaluation	-	5,713
Investment revaluation	51,276	102,250
Dividends	-	(258,000)
Net additions to shareholders funds	178,165	190,557
Opening shareholders funds	851,454	660,897
Shareholders' funds at 30 June	1,029,619	851,454

20 Minority interests

The minority interest is calculated as follows

Shareholders funds	£
At 1 July 2010	152,060
Profit for the year	12,819
Dividends paid	(21,500)
At 30 June 2011	143,379

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

21 Analysis of gross cash flows

	2011	2010
	£	£
Returns on investments and servicing finance		
Interest received	1,658	478
Interest paid	(44,527)	(33,093)
Interest element of finance lease payments	(3,011)	-
Dividend paid to minority interests	(21,500)	(21,500)
Net cash outflow for returns on investments and servicing of finance	(67,380)	(54,115)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(75,779)	(158,574)
Purchase of investment property	(1,175,299)	-
Net cash outflow for capital expenditure and financial investment	(1,251,078)	(158,574)
Financing		
Repayment of borrowings	(91,017)	(9,279)
Increase in borrowings	794,619	-
Capital element of finance lease payments	(59,424)	-
Net cash inflow/(outflow) from financing	644,178	(9,279)

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

22 Analysis of changes in net debt

	At 30 June 2010	Cash flows	Non cash changes	At 30 June 2011
	£	£	£	£
Cash at bank and in hand	623,399	(99,845)	-	523,554
Bank overdrafts	(487)	(36,180)	-	(36,667)
Debt falling due within one year	(9,436)	(153,685)	-	(163,121)
Debt falling due after one year	(501,683)	(549,917)	-	(1,051,600)
Finance leases due within one year	-	(19,661)	-	(19,661)
Finance leases due after one year	-	79,085	(158,816)	(79,731)
Total	111,793	(780,203)	(158,816)	(827,226)

23 Commitments under leasing arrangements

Group

Finance leases

Future minimum payments under finance leases are as follows

	Finance leases	
	2011	2010
	£	£
Finance leases which expire		
Within one year	19,661	-
Within 2 to 5 years	79,731	-
	99,392	-

Sorrento Holdings Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

23 Commitments under leasing arrangements (continued)

Operating leases

As at 30 June 2011, the group had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows

	Operating leases	
	2011	2010
	£	£
Operating leases which expire		
Within one year	1,752	2,468
Within 2 to 5 years	2,190	5,256
	3,942	7,724

Company

At 30 June 2011, the company had no annual non-cancellable commitments under operating leases

24 Related party transactions

Transactions with directors:

During the year, dividends were paid to directors as follows

	2011 £	2010 £
D J Ponsonby	-	64,500
M Ponsonby	-	64,500
J J Mangan	-	64,500
B M Croghan	-	64,500

25 Controlling parties

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