

Bestway Direct Limited

**Directors' report and financial
statements**

Registered number 4103203

30 June 2012

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Company information

Company registration number	4103203
Registered Office	2 Abbey Road Park Royal London NW10 7BW
Directors	Sir MA Pevez, OBE HPk ZM Choudrey, BA (Hons), FCA MY Sheikh, (Managing Director) AK Bhatti AK Chaudhary AM Chaudhary, MBA R Pervez, ACA D Pervez, BA (Hons), MA Oxon, Solicitor
Secretary	D Pervez, BA (Hons), MA Oxon, Solicitor
Bankers	HSBC Bank Plc Apex Plaza Reading RG1 1AX
Auditor	KPMG LLP 8 Salisbury Square London EC4Y 8BB

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2012

Principal activities

The principal activity of the Company during the year was that of wholesalers of groceries, tobacco, wines, spirits and other household goods

Review of the business

Turnover for the year ended 30 June 2012 amounted to £109.5 million compared to £99.4 million for the previous year, which is an increase of 10.2%. Operating profit for the year to 30 June 2012 increased to £242,159 compared to £152,070 for the previous year. Profit on ordinary activities before taxation increased to £244,285 compared to £154,459 in the previous year. The main reason for the sales increasing is that the number of new retailers using Bestway Direct Limited services has been increasing.

The directors are satisfied with the results for the year.

Future developments

The directors expect profitable trading to continue.

Key performance indicators

The board of Directors uses many performance indicators, both financial and non financial, to monitor the Company's position.

Among the financial performance indicators within the business, the most important ones are gross profit margin, sales per supplier, and delivery targets.

The non-financial performance indicators include staff turnover, staff/supplier/customer satisfaction and health and safety reports. The Board is of the belief that the monitoring of the above-mentioned indicators is an effective aspect of business performance review.

The Board is satisfied that it has generally met both the financial and non-financial performance indicators that it had set to achieve.

Results and dividend

The trading profit for the year after taxation was £125,715 (2011 £111,518)

The directors do not recommend the payment of a dividend (2011 £nil)

Directors

The directors who held office during the year were as follows

Sir MA Pervez, OBE HPk
ZM Choudrey, BA (Hons), FCA
MY Sheikh
AM Chaudhary, MBA
R Pervez, ACA
D Pervez, BA (Hons), MA Oxon, Solicitor
AK Bhatti
AK Chaudhary

Political and charitable donations

During the year the Company made no political or charitable donations (2011 £nil)

Directors' report *(continued)*

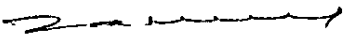
Disclosure of information to auditors

The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor's will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board


Z M Choudrey BA (Hons), FCA
Director

2 Abbey Road
Park Royal
London
NW10 7BW

8 November 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditor's report to the members of Bestway Direct Limited

We have audited the financial statements of Bestway Direct Limited for the year ended 30 June 2012 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

Independent auditor's report to the members of Bestway Direct Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

B J Stapleton

B J Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

13 November 2012

Profit and loss account
for the year ended 30 June 2012

	<i>Note</i>	2012 £	2011 £
Turnover	1	109,514,638	99,357,965
Cost of sales		(106,084,087)	(96,413,281)
Gross profit		3,430,551	2,944,684
Administrative expenses		(3,350,747)	(2,826,388)
Other operating income	2	162,355	33,774
Operating profit		242,159	152,070
Interest receivable and similar income	3	2,222	2,443
Interest payable and similar charges	4	(96)	(54)
Profit on ordinary activities before taxation	5	244,285	154,459
Tax on profit on ordinary activities	7	(118,570)	(42,941)
Profit for the financial year	13	125,715	111,518

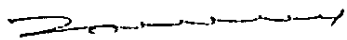
The results shown above are derived entirely from the Company's continuing operations


No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Balance sheet
at 30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	288,425	271,253
Current assets			
Debtors	9	7,206,903	6,097,673
Cash at bank and in hand		648,293	1,906,557
		7,855,196	8,004,230
Creditors' amounts falling due within one year	10	(6,646,056)	(6,903,633)
Net current assets		1,209,140	1,100,597
Total assets less current liabilities		1,497,565	1,371,850
Net assets		1,497,565	1,371,850
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	1,497,563	1,371,848
Shareholders' funds	14	1,497,565	1,371,850

These financial statements were approved by the board of directors on 8 November 2012 and were signed on its behalf by


Z M Choudrey BA (Hons), FCA
Director


M Y Sheikh
Director

Registered number 4103203

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of accounting

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

Going concern

After making enquiries, the Board of directors has a reasonable expectation that the Company has adequate resources and banking facilities to continue in operational existence for the foreseeable future. In addition, the Company's parent company, Bestway (Holdings) Limited, has committed to support the Company for the foreseeable future. Accordingly, the Board of directors continues to adopt the going concern basis in preparing the directors' report and financial statements

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Related party transactions

As the Company is a wholly owned subsidiary of Bestway (Holdings) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Bestway (Holdings) Limited. The consolidated financial statements of Bestway (Holdings) Limited, within which this Company is included, can be obtained from the address given in note 18

Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value as follows

Computer equipment	-	25% reducing balance
Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable against suitable taxable profits in the future

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Notes (continued)

1 Accounting policies (continued)

Retrospective rebates and discount

The Company negotiates discounts directly with its suppliers. These discounts are accounted for once the directors are confident that the Company is entitled to the discount, and are netted against cost of sales accordingly.

Financial income and expense

Financial income comprises interest receivable on cash balances. Interest income is recognised as it accrues, using the effective interest method.

Financial expenses comprise interest on cash balances. Interest is recognised in the profit and loss as it accrues.

Turnover

Turnover represents the invoiced value, net of Value Added Tax, of goods delivered and services provided to customers. Turnover is recognised when the risks and rewards of ownership are transferred to the customer, which is normally on delivery.

The Company's turnover and profit before taxation were all derived from its principal activity wholly undertaken within the United Kingdom.

2 Other operating income

	2012 £	2011 £
Other operating income	162,355	33,774

3 Interest receivable and similar income

	2012 £	2011 £
Other interest receivable	2,222	2,443

4 Interest payable and similar charges

	2012 £	2011 £
Other interest payable	96	54

Notes (continued)

5 Profit on ordinary activities before taxation

	2012 £	2011 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and amounts written off tangible fixed assets		
Owned assets	96,459	90,419
Auditors' remuneration		
Audit of these financial statements	15,840	7,000
Taxation compliance services	5,741	6,558
	<u> </u>	<u> </u>

6 Employees and directors

	2012 Number	2011 Number
The average monthly number of persons (including directors) employed by the Company during the year was		
Management	8	8
	<u> </u>	<u> </u>
	£	£
Staff costs for the above persons		
Wages and salaries	-	-
	<u> </u>	<u> </u>

No director was paid any remuneration for their services to the Company. A management fee of £2,350,000 (2011 £1,300,000) has been levied by another group company for services received in the year.

Notes (continued)

7 Taxation

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on profits for the period	(6)	46,831
Adjustments in respect of previous periods	121,888	-
Total current tax	121,882	46,831
<i>Deferred tax</i>		
Origination and reversal of timing differences	(12,725)	(4,115)
Effect of tax rate change on opening balance	9,413	225
Total deferred tax	(3,312)	(3,890)
Tax on profit on ordinary activities	118,570	42,941

Factors affecting tax charge for the year

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK
The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	244,285	154,459
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 27.50%)	62,293	42,476
<i>Effects of</i>		
Group relief surrendered for nil payment	46,629	-
Depreciation in excess of capital allowances	4,101	4,355
Adjustments in respect of previous periods	121,888	-
Other short term timing	(113,029)	-
Current tax charge for year	121,882	46,831

Factors that may affect future current and total tax charges

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above.

Notes (continued)

8 Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
<i>Cost</i>				
At beginning of year	88,585	16,000	673,064	777,649
Additions	28,740	-	85,841	114,581
Disposals	-	-	(950)	(950)
	<u>117,325</u>	<u>16,000</u>	<u>757,955</u>	<u>891,280</u>
<i>Depreciation</i>				
At beginning of year	39,583	13,595	453,218	506,396
Charge in the year	19,436	601	76,422	96,459
Disposals	-	-	-	-
	<u>59,019</u>	<u>14,196</u>	<u>529,64</u>	<u>602,855</u>
<i>Net book value</i>				
At 30 June 2012	<u>58,306</u>	<u>1,804</u>	<u>228,315</u>	<u>288,425</u>
At 30 June 2011	<u>49,002</u>	<u>2,405</u>	<u>219,846</u>	<u>271,253</u>

9 Debtors

	2012 £	2011 £
Trade debtors	6,832,339	5,471,205
Amounts due from related parties	111,757	81,763
Deferred taxation (note 11)	10,357	7,045
Other debtors	-	213,789
Corporation tax	-	13,571
Other taxation and social security costs	-	10,280
Prepayments and accrued income	252,450	300,020
	<u>7,206,903</u>	<u>6,097,673</u>

Notes (continued)

10 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	1,244,114	743,232
Amounts owed to group undertakings	5,182,878	6,044,448
Amounts owed to related parties	56,865	64,182
Corporation tax	67,308	-
Other taxation and social security costs	16,769	-
Accruals and deferred income	78,122	51,771
	<u>6,646,056</u>	<u>6,903,633</u>

11 Deferred taxation

	2012 £	2011 £
Deferred tax asset at 1 July	7,045	3,155
Credit to profit and loss account	3,312	3,890
	<u>10,357</u>	<u>7,045</u>
Deferred tax asset at 30 June (note 9)	<u>10,357</u>	<u>7,045</u>

The elements of deferred taxation are as follows

	2012 £	2011 £
Accelerated capital allowances	<u>10,357</u>	<u>7,045</u>

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above. The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 22% by 1 April 2014 but, as at the balance sheet date these further rate changes had not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 24% to 22%, if these applied to the deferred tax balance at 30 June 2012, would be to further reduce the deferred tax asset by £864.

12 Share capital

	2012 £	2011 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes (continued)

13 Profit and loss account

	2012 £	2011 £
At beginning of the year	1,371,848	1,260,330
Profit for the financial year	125,715	111,518
	<hr/>	<hr/>
At end of the year	1,497,563	1,371,848
	<hr/>	<hr/>

14 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit for the financial year	125,715	111,518
Opening shareholders' funds	1,371,850	1,260,332
	<hr/>	<hr/>
Closing shareholders' funds	1,497,565	1,371,850
	<hr/>	<hr/>

15 Contingent liabilities

The Company had a contingent liability of £1,836,646 in respect of a group registration for VAT at 30 June 2012 (2011 £1,366,913)

The Company is a party, together with other companies within the Bestway (Holdings) Limited group, to a Composite Accounting and Guarantee Agreement with HSBC Bank plc, whereby the liabilities to HSBC Bank plc of each subsidiary are cross guaranteed by each of the companies. Group borrowings covered by the guarantee as at 30 June 2012 amounts to £136.81 million (2011 £168.23 million)

16 Commitments

The Company had nil capital expenditure commitments at 30 June 2012 (2011 £nil)

Notes (continued)

17 Related party transactions

The company has taken advantage of the exemptions from disclosures applicable to subsidiary undertakings where 100% or more of the voting rights are controlled within the group. Accordingly transactions with other group entities have not been disclosed.

There are, however, entities in which the directors' of the Company hold an interest which still require disclosure as related parties.

The Company's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the amount of transactions with them during the year were as follows:

	<i>Sub notes</i>	2012 £	2011 £
Sales to Bestway stores	2	1,920,761	969,269
Year end balance due from Bestway Stores	2	102,437	59,612
Sales to Best of Food and Wine	2	4,420	3,081
Year end balance due from Best of Food and Wine	2	284	237
Sales to Peppermill Supermarkets Limited	1	379,826	196,138
Year end balance due from Peppermill Supermarkets Limited	1	9,036	21,914
Purchases from Bestway Northern Limited	1	19,112,081	10,181,969
Year end balance due to Bestway Northern Limited	1	(56,865)	(64,182)

Sub notes

- 1 Certain directors of Bestway Direct Limited are also directors of Buybest Limited, Bestway Northern Limited and Peppermill Supermarkets Limited
- 2 Certain directors of Bestway Direct Limited are partners in Bestway Stores, Food Corner and Best of Food and Wine

18 Immediate and ultimate parent company

The Company's immediate and ultimate parent and controlling Company is Bestway (Holdings) Limited, a company registered in England and Wales.

The parent undertaking of the largest group which includes the company and for which group accounts are prepared is Bestway (Holdings) Limited. Copies of the group financial statements are available from Companies House, Crown Way, Maundy, Cardiff CF4 3UZ.



Companies House
— for the record —

COMPANY NAME: BESTWAY DIRECT LIMITED

COMPANY NUMBER: 04103203

Pages containing unnecessary material in the accounts were administratively removed from the public register on 07/08/2013