

Bestway Direct Limited

**Directors' report and financial
statements**

Registered number 4103203

30 June 2009

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Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Bestway Direct Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Company information

Company registration number	4103203
Registered Office	2 Abbey Road Park Royal London NW10 7BW
Directors	Sir MA Pervez, OBE HPk ZM Choudrey, BA (Hons), ACA MY Sheikh 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
Auditors	KPMG LLP 20 Farringdon Street London EC4A 4PP

Directors' report

The directors submit their report and the financial statements of Bestway Direct Limited for the year ended 30 June 2009

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 2009 amounted to £69.7 million compared to £57.3 million for the previous year, which is an increase of 21.6%. Operating profit for the year to 30 June 2009 increased to £273,536 compared to £216,641 for the previous year. Profit on ordinary activities before taxation increased by 9.2% to £287,278 compared to £263,074 in the previous year. The main reason for the sales and profit before taxation increasing is the number of new retailers using Bestway Direct's 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 £209,333 (2008: £213,246).

The directors do not recommend the payment of a dividend (2008: £nil).

Directors

The following directors have held office since 1 July 2008:

Sir MA Pervez, OBE HPk
ZM Choudrey, BA (Hons), ACA
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 (2008: £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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



A M Chaudhary, MBA
Director

2 Abbey Road
Park Royal
London
NW10 7BW

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
20 Farringdon Street
London
EC4A 4PP
United Kingdom

Independent auditors' report to the members of Bestway Direct Limited

We have audited the financial statements of Bestway Direct Limited for the year ended 30 June 2009 set out in pages 7 to 15. 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 sections 495 and 496 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 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 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 auditors' 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 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

P D Selvey

P D Selvey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

22 December 2009

Profit and loss account
for the year ended 30 June 2009

	<i>Note</i>	2009 £	2008 £
Turnover	<i>1</i>	69,717,290	57,341,098
Cost of sales		(67,459,851)	(55,606,834)
Gross profit		2,257,439	1,734,264
Administrative expenses		(2,011,425)	(1,556,138)
Other operating income	<i>2</i>	27,522	38,515
Operating profit		273,536	216,641
Other interest receivable and similar income	<i>3</i>	13,742	46,433
Profit on ordinary activities before taxation	<i>4</i>	287,278	263,074
Tax on profit on ordinary activities	<i>6</i>	(77,945)	(49,828)
Profit for the financial year	<i>12</i>	209,333	213,246

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

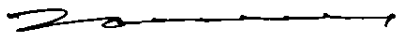
Balance sheet
at 30 June 2009


	Note	2009 £	2008 £
Fixed assets			
Tangible assets	7	215,548	206,400
Current assets			
Debtors	8	4,962,313	3,882,136
Cash at bank and in hand		408,744	631,063
		5,371,057	4,513,199
Creditors: amounts falling due within one year	9	(4,573,173)	(3,915,500)
Net current assets		797,884	597,699
Total assets less current liabilities		1,013,432	804,099
Net assets		1,013,432	804,099
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	1,013,430	804,097
Shareholders' funds	13	1,013,432	804,099

These financial statements were approved by the board of directors on
signed on its behalf by

21/12/09

and were


Z M Choudrey, BA (Hons), ACA
Director


A M Chaudhary, MBA
Director

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. They have been prepared on the going concern basis and the Company's parent company, Bestway (Holdings) Limited, has committed to support the Company for the foreseeable future.

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cashflow 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. The consolidated financial statements of Bestway (Holdings) Limited, within which this Company is included, can be obtained from the address given in note 16.

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Retrospective rebates and discounts

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.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the invoiced value, net of Value Added Tax of goods delivered and services provided to customers

Turnover and profit on ordinary activities before taxation

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

	2009 £	2008 £
Other operating income	27,522	38,515

3 Other interest receivable and similar income

	2009 £	2008 £
Other interest receivable	13,742	46,433

4 Profit on ordinary activities before taxation

	2009 £	2008 £
Profit on ordinary activities before taxation is stated after charging Depreciation and amounts written off tangible fixed assets		
Owned assets	71,849	68,799
Auditors' remuneration		
Audit of these financial statements	9,948	6,600
Other services relating to taxation	5,360	3,000

5 Employees and directors

	2009 No.	2008 No.
The average monthly number of persons (including directors) employed by the Company during the year was		
Management	8	8
	2009 £	2008 £
Staff costs for the above persons		
Wages and salaries	-	-

No director was paid any remuneration for their services to the company. A management fee of £1,000,000 (2008: £750,000) has been levied by another group company for services received in the year.

Notes (continued)

6 Taxation

	2009 £	2008 £
Current tax		
UK corporation tax on profits for the period	84,032	80,724
Adjustments in respect of previous periods	(2,493)	(30,310)
	<hr/>	<hr/>
Total current tax	81,539	50,414
	<hr/>	<hr/>
Deferred taxation		
Origination and reversal of timing differences	(3,594)	(586)
	<hr/>	<hr/>
	(3,594)	(586)
	<hr/>	<hr/>
Tax on profit on ordinary activities	77,945	49,828
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the year is higher (2008 lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	287,278	263,074
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008 29.5%)	80,438	77,607
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	2,531
Depreciation in excess of capital allowances	3,594	586
Adjustments in respect of previous periods	(2,493)	(30,310)
	<hr/>	<hr/>
Current tax charge for year	81,539	50,414
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
<i>Cost</i>				
At beginning of year	30,990	16 000	417 760	464,750
Additions	-	-	80 997	80 997
At end of year	30,990	16 000	498 757	545 747
<i>Depreciation</i>				
At beginning of year	16,766	10,299	231,285	258,350
Charged in the year	3 556	1,425	66 868	71,849
At end of year	20 322	11 724	298 153	330 199
<i>Net book value</i>				
At 30 June 2009	10,668	4,276	200,604	215,548
At 30 June 2008	14 224	5 701	186 475	206 400

8 Debtors

	2009 £	2008 £
Due within one year		
Trade debtors	4,956,576	3 870,815
Deferred taxation (see note 10)	5,737	2 143
Prepayments	-	9 178
	4,962,313	3 882 136

Notes (continued)

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	1,138,665	1,088,359
Amounts owed to group undertakings	3,274,177	2,536,768
Corporation tax	106,227	50,414
Other taxation and social security costs	31,294	17,137
Other creditors	-	205,229
Accruals and deferred income	22,810	17,593
	<u>4,573,173</u>	<u>3,915,500</u>

10 Deferred taxation

	Deferred taxation £
Asset at 1 July 2008	2,143
Credit to profit and loss account	3,594
	<u>5,737</u>
Asset at 30 June 2009	<u>5,737</u>

The elements of deferred taxation are as follows

	2009 £	2008 £
Excess of depreciation over tax allowances	<u>5,737</u>	<u>2,143</u>

11 Share capital

	2009 £	2008 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes (continued)

12 Profit and loss account

	2009 £	2008 £
At beginning of the year	804,097	590,851
Profit for the financial year	209,333	213,246
	<hr/>	<hr/>
At end of the year	1,013,430	804,097
	<hr/>	<hr/>

13 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Profit for the financial year	209,333	213,246
Opening shareholders' funds	804,099	590,853
	<hr/>	<hr/>
Closing shareholders' funds	1,013,432	804,099
	<hr/>	<hr/>

14 Contingent liabilities

The company had a contingent liability of £366,705 in respect of a group registration of VAT at 30 June 2009 (2008 £nil)

Notes (continued)

15 Related party transactions

The company has taken advantage of the exemptions from disclosures applicable to subsidiary undertakings where 90% 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>	2009 £	2008 £
Year end balance due from Bestway Northern	1	9	-
Sales to Bestway stores	2	456,472	556,072
Year end balance due from Bestway Stores	2	8,196	6,810
Sales to Buybest Limited	1	191,960	313,990
Year end balance due from Buybest Limited	1	1,864	7,777
Sales to Best of Food and Wine	2	5,087	9,175
Year end balance due from Best of Food and Wine	2	2,006	2,710
Sales to Food Corner	2	-	283
Sales to Peppermill Supermarkets Limited	1	81,556	94,571
Year end balance due from Peppermill Supermarkets Limited	1	1,995	400
Purchases from Bestway Northern Limited	1	1,537,284	2,641,419

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.

16 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, Maindy, Cardiff CF4 3UZ.