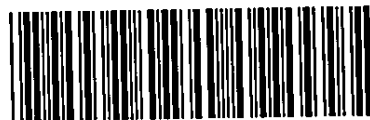


Wallaces of Ayr Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2012

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COMPANIES HOUSE

Robert J Hart & Company
Chartered Accountants and Registered Auditors
Riversleigh
9 Kilwinning Road
Irvine
Ayrshire
KA12 8RR

Wallaces of Ayr Limited

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Wallaces of Ayr Limited

Company Information

Directors	B J Calder C Cosh
Company secretary	C Cosh
Registered office	10 Crompton Way North Newmoor Industrial Estate IRVINE Ayrshire KA11 4HU
Solicitors	MacRoberts 60 York Street Glasgow G2 8JX
Bankers	The Royal Bank of Scotland 69 High Street Irvine KA12 0AL
Auditors	Robert J Hart & Company Chartered Accountants and Registered Auditors Riversleigh 9 Kilwinning Road Irvine Ayrshire KA12 8RR

Wallaces of Ayr Limited
Directors' Report for the Year Ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Directors of the company

The directors who held office during the year were as follows:

B J Calder

C Cosh

Principal activity

The principal activity of the company is the wholesaling and distribution of goods to the licensed trade.

Business review

Fair review of the business

The results for the year are satisfactory considering the economic climate. With prudent management and purchasing policies the company has been able to improve the gross profit percentage from 15.97% to 16.24%. This has minimised the effect of the reduction in turnover. With reductions in operating costs the overall performance continues to improve.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2012	2011
Turnover	£	82,739,964	84,274,525
Turnover Growth	%	-	3
Turnover reduction	%	2	-
Gross profit margin	%	16	16
Profit before tax	£	4,154,175	4,054,720
Net Assets Total	£	35,331,596	32,743,569

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Employment of disabled persons

The company is an equal opportunities employer. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned and the implications of the Equality Act 2010. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

Employee involvement

Our people are central to the future development of the business. We communicate with our people to strive to reach the highest standards in all aspects of employment policy and practice and to ensure that our people are achieving their full potential.

Wallaces of Ayr Limited
Directors' Report for the Year Ended 31 March 2012

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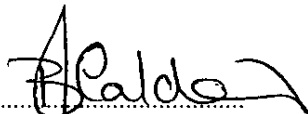
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

In accordance with section 485 of the companies Act 2006, a resolution for the re-appointment of Robert J Hart & Company as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 7 June 2012 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'B J Calder', written over a dotted line.

B J Calder
Director

Wallaces of Ayr Limited
Statement of Directors' Responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Wallaces of Ayr Limited

We have audited the financial statements of Wallaces of Ayr Limited for the year ended 31 March 2012, set out on pages 7 to 19. 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).

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 auditor's 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 Statement of Directors' Responsibilities (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

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 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit 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.

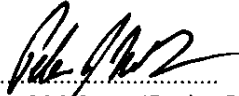
**Independent Auditor's Report to the Members of
Wallaces of Ayr Limited**

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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.



.....
Peter J McLean (Senior Statutory Auditor)
For and on behalf of Robert J Hart & Company, Statutory Auditor

Riversleigh
9 Kilwinning Road
Irvine
Ayrshire
KA12 8RR

7 June 2012

Wallaces of Ayr Limited
Profit and Loss Account for the Year Ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	82,739,964	84,274,525
Cost of sales		<u>(69,299,216)</u>	<u>(70,819,883)</u>
Gross profit		13,440,748	13,454,642
Administrative expenses		<u>(9,286,573)</u>	<u>(9,399,922)</u>
Operating profit	3	<u>4,154,175</u>	<u>4,054,720</u>
Profit on ordinary activities before taxation		4,154,175	4,054,720
Tax on profit on ordinary activities	7	<u>(1,066,151)</u>	<u>(1,088,240)</u>
Profit for the financial year	16	<u><u>3,088,024</u></u>	<u><u>2,966,480</u></u>


Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Wallaces of Ayr Limited
(Registration number: SC081527)
Balance Sheet at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible fixed assets	9	3,324,867	3,351,810
Current assets			
Stocks	10	11,379,055	11,253,689
Debtors	11	30,635,648	31,386,829
Cash at bank and in hand		235,185	1,119
		42,249,888	42,641,637
Creditors: Amounts falling due within one year	12	(10,175,423)	(13,174,941)
Net current assets		32,074,465	29,466,696
Total assets less current liabilities		35,399,332	32,818,506
Provisions for liabilities	13	(67,736)	(74,937)
Net assets		35,331,596	32,743,569
Capital and reserves			
Called up share capital	14	513,158	513,158
Capital redemption reserve	16	84,219	84,219
Profit and loss account	16	34,734,219	32,146,192
Shareholders' funds	17	35,331,596	32,743,569

Approved by the Board on 7 June 2012 and signed on its behalf by:



 B J Calder
 Director

Wallaces of Ayr Limited
Cash Flow Statement for the Year Ended 31 March 2012

Reconciliation of operating profit to net cash flow from operating activities

	2012 £	2011 £
Operating profit	4,154,175	4,054,720
Depreciation, amortisation and impairment charges	495,095	485,608
Profit on disposal of fixed assets	(12,335)	(17,352)
Increase in stocks	(125,366)	(2,363,010)
Decrease/(increase) in debtors	751,181	(2,199,406)
Increase/(decrease) in creditors	1,532,396	(534,729)
Net cash inflow/(outflow) from operating activities	<u>6,795,146</u>	<u>(574,169)</u>

Cash flow statement

	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	<u>6,795,146</u>	<u>(574,169)</u>
Taxation paid	<u>(1,240,859)</u>	<u>(1,217,629)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(473,514)	(580,578)
Sale of tangible fixed assets	17,701	40,240
	<u>(455,813)</u>	<u>(540,338)</u>
Equity dividends paid	<u>(500,000)</u>	<u>(270,000)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	<u>4,598,474</u>	<u>(2,602,136)</u>
Increase/(decrease) in cash	<u>4,598,474</u>	<u>(2,602,136)</u>

Reconciliation of net cash flow to movement in net debt

	Note	2012 £	2011 £
Increase/(decrease) in cash		<u>4,598,473</u>	<u>(2,602,136)</u>
Movement in net debt	21	4,598,473	(2,602,136)
Net debt at 1 April	21	<u>(4,363,288)</u>	<u>(1,761,152)</u>
Net funds/(debt) at 31 March	21	<u>235,185</u>	<u>(4,363,288)</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

1 Accounting policies

Basis of preparation

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

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold Property	50 years straight line basis
Fixtures and fittings	5 years straight line basis
Motor Vehicles	4 years straight line basis
Computer equipment and software	10 years straight line

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Hire purchase and leasing

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

Financial instruments

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

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

An analysis of turnover by geographical location is given below:

	2012 £	2011 £
Sales - UK	<u>82,739,964</u>	<u>84,274,525</u>

3 Operating profit

Operating profit is stated after charging:

	2012 £	2011 £
Profit on sale of tangible fixed assets	(12,335)	(17,352)
Depreciation of owned assets	495,095	464,871
Amortisation	-	20,737
Auditor's remuneration	<u>19,553</u>	<u>11,817</u>

4 Auditor's remuneration

	2012 £	2011 £
Audit of the financial statements	12,000	8,750
Other fees to auditors		
Other services	<u>7,553</u>	<u>3,067</u>
	<u>19,553</u>	<u>11,817</u>

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2012 No.	2011 No.
Administration and support	62	50
Distribution	<u>231</u>	<u>244</u>
	<u>293</u>	<u>294</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

The aggregate payroll costs were as follows:

	2012 £	2011 £
Wages and salaries	5,545,086	5,667,997
Social security costs	473,733	477,520
Staff pensions	35,764	51,259
	<u>6,054,583</u>	<u>6,196,776</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2012 £	2011 £
Remuneration (including benefits in kind)	389,728	394,540
Company contributions paid to money purchase schemes	<u>13,834</u>	<u>18,000</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2012 No.	2011 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2012 £	2011 £
Remuneration	210,885	224,076
Company contributions to money purchase pension schemes	<u>12,000</u>	<u>12,000</u>

7 Taxation

Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	1,071,733	1,091,809
Adjustments in respect of previous years	<u>1,619</u>	<u>-</u>
UK Corporation tax	1,073,352	1,091,809
Deferred tax		
Origination and reversal of timing differences	<u>(7,201)</u>	<u>(3,569)</u>
Total tax on profit on ordinary activities	<u>1,066,151</u>	<u>1,088,240</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%).

The differences are reconciled below:

	2012 £	2011 £
Profit on ordinary activities before taxation	4,154,175	4,054,720
Corporation tax at standard rate	1,080,086	1,135,322
Capital allowances in excess of depreciation	18,818	21,381
Disallowable expenses	25,760	2,744
Over provision in previous year	1,619	(1,321)
Group relief	(52,931)	(66,317)
Total current tax	1,073,352	1,091,809

8 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 April 2011	564,683	564,683
At 31 March 2012	564,683	564,683
Amortisation		
At 1 April 2011	564,683	564,683
At 31 March 2012	564,683	564,683
Net book value		
At 31 March 2012	-	-
At 31 March 2011	-	-

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

9 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Computer equipment and software £	Total £
Cost or valuation					
At 1 April 2011	2,961,591	584,520	2,303,653	37,861	5,887,625
Additions	-	1,960	471,554	-	473,514
Disposals	-	-	(171,038)	-	(171,038)
At 31 March 2012	2,961,591	586,480	2,604,169	37,861	6,190,101
Depreciation					
At 1 April 2011	532,941	446,553	1,544,957	11,361	2,535,812
Charge for the year	59,232	40,031	392,046	3,785	495,094
Eliminated on disposals	-	-	(165,672)	-	(165,672)
At 31 March 2012	592,173	486,584	1,771,331	15,146	2,865,234
Net book value					
At 31 March 2012	2,369,418	99,896	832,838	22,715	3,324,867
At 31 March 2011	2,428,650	137,967	758,696	26,500	3,351,813

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

10 Stocks

	2012 £	2011 £
Stocks	<u>11,379,055</u>	<u>11,253,689</u>

11 Debtors

	2012 £	2011 £
Trade debtors	7,113,373	7,510,872
Amounts owed by group undertakings	21,912,610	22,085,349
Other debtors	47,375	66,653
Prepayments and accrued income	<u>1,562,290</u>	<u>1,723,955</u>
	<u>30,635,648</u>	<u>31,386,829</u>

12 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	8,463,634	7,225,710
Bank loans and overdrafts	-	4,364,407
Corporation tax	314,352	481,859
Other taxes and social security	952,128	589,205
Other creditors	2,549	154,292
Accruals and deferred income	<u>442,760</u>	<u>359,468</u>
	<u>10,175,423</u>	<u>13,174,941</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	2012 £	2011 £
Bank Overdraft	-	4,364,406
The company has provided Standard Security and a Bond and Floating Charge over the property and undertakings of the company to the Royal Bank of Scotland.		

13 Provisions

	Deferred tax £	Total £
At 1 April 2011	74,937	74,937
Credited to the profit and loss account	(7,201)	(7,201)
At 31 March 2012	<u>67,736</u>	<u>67,736</u>

Analysis of deferred tax

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	(7,201)	(3,569)
	<u>(7,201)</u>	<u>(3,569)</u>

14 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No.	£	No.	£
Ordinary shares of £1 each	<u>513,158</u>	<u>513,158</u>	<u>513,158</u>	<u>513,158</u>

15 Dividends

	2012 £	2011 £
Dividends paid		
Prior year final dividend paid	500,000	-
Current year interim dividend paid	-	270,000
	<u>500,000</u>	<u>270,000</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

16 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2011	84,219	32,146,195	32,230,414
Profit for the year	-	3,088,024	3,088,024
Dividends	-	(500,000)	(500,000)
At 31 March 2012	<u>84,219</u>	<u>34,734,219</u>	<u>34,818,438</u>

17 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit attributable to the members of the company	3,088,024	2,966,480
Dividends	<u>(500,000)</u>	<u>(270,000)</u>
Net addition to shareholders' funds	2,588,024	2,696,480
Shareholders' funds at 1 April	<u>32,743,572</u>	<u>30,047,089</u>
Shareholders' funds at 31 March	<u>35,331,596</u>	<u>32,743,569</u>

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

18 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £35,764 (2011 - £51,259).

Contributions totalling £2,549 (2011 - £2,567) were payable to the scheme at the end of the year and are included in creditors.

19 Contingent liabilities

The company has provided an unlimited inter company guarantee to the group bankers in respect of all sums due from Wallaces Express Limited

20 Commitments

Operating lease commitments

As at 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2012 £	2011 £
Land and buildings		
Within two and five years	<u>86,667</u>	<u>166,667</u>
Other		
Within one year	12,631	10,575
Within two and five years	<u>-</u>	<u>25,017</u>
	<u>12,631</u>	<u>35,592</u>

21 Analysis of net debt

	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank and in hand	1,119	234,066	235,185
Bank overdraft	(4,364,407)	4,364,407	-
	<u>(4,363,288)</u>	<u>4,598,473</u>	<u>235,185</u>
Net funds	<u>(4,363,288)</u>	<u>4,598,473</u>	<u>235,185</u>

22 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

Wallaces of Ayr Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

23 Control

The ultimate parent undertaking is Wallaces Express Limited, a company registered in Scotland, which has its registered office at Crompton Way, North Newmoor Industrial Estate, Irvine.

Copies of the group accounts may be obtained from the registered office.