

**Bestway Cash & Carry Limited**

**Directors' report and financial  
statements**

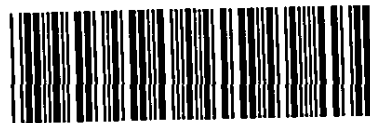
**Registered number 1207120**

**30 June 2012**

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## Company information

**Company registration number**

1207120

**Registered Office**

2 Abbey Road  
Park Royal  
London  
NW10 7BW

**Directors**

Sir MA Pervez, OBE HPk (Chairman)  
ZM Choudrey, BA (Hons), FCA (Group Chief Executive)  
MY Sheikh, (Managing Director of Wholesale Business)  
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

**Solicitors**

Kerman & Co LLP  
7 Savoy Court  
Strand  
London  
WC2R 0ER

Lovells LLP  
Atlantic House  
Holborn Viaduct  
London  
EC1A 2FG

**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

### Business review

Turnover for the year ended 30 June 2012 amounted to £995.6 million compared to £930.9 million for the previous year, which is an increase of 6.95%. Operating profit for the year to 30 June 2012 increased by 3.11% to £23.2 million compared to £22.5 million for the previous year. Profit on ordinary activities before taxation increased by 3.18% to £23.1 million.

### Principal risks & uncertainties

One of the commercial risks faced by the Company continues to be the increasing influence of multiples in the cash & carry sector, which consequently imposes pressure on margins. Another risk that the Company faces is the black market relating to duty avoidance on alcohol.

The cash & carry sector is also affected by the rising inflation, which combined with the effects of the austerity measures, can lead to food inflation and force customers to re-evaluate their spending habits.

### 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 depot, sales per department, wages per depot, stock availability and stock levels.

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

### Future outlook

The general UK economy, food inflation and continued pressure from grey market stocks of alcohol will mean that 2012/13 will be a tough year for the company.

Whilst we remain cautiously optimistic about the growth prospects of our businesses, we see no likelihood of any reduction in competitive intensity in our markets.

In the last twelve months we have continued to demonstrate the strength of our business model and to create value for all our stakeholders. This has been accomplished with the continued support of our outstanding employees and our highly successful relationships with suppliers and customers.

### Results and dividend

The trading profit for the year after taxation was £19,147,000 (2011: £16,276,000).

The directors approved a final dividend of £83 (2011: £83) per share on the ordinary shares and £nil (2011: £nil) per share on the 5% non-cumulative preference shares which leaves a profit of £10,847,000 (2011: £7,976,000) to be retained.

## **Directors' report** *(continued)*

### **Directors**

The directors who held office during the year were as follows

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

### **Indemnity provisions**

No qualifying third party provision is in force for the benefit of any director of the Company

### **Financial instruments**

The Company's policy is to finance its operations on a medium term basis from retained profits, inter-company borrowings and bank facilities. Additional uncommitted borrowing and overdraft facilities are utilised for short term financing requirements.

The financial instruments utilised by the Company are borrowings, short-term cash deposits and items such as trade creditors which arise directly from its operations. Borrowing and deposit facilities are on a floating rate basis. The Company's policy is not to trade in other financial instruments.

### **Employee involvement and disabled persons**

The Company informs and consults regularly with employees on matters affecting their interests with a view to achieving a common awareness of the financial and economic factors affecting its performance. The views expressed by employees have been taken into account when making decisions where appropriate.

The Company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. It recognises its responsibilities towards the disabled and gives full and fair consideration to applications for employment from them and, so far as particular disabilities permit, will give continued employment to any existing employee who becomes disabled. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Political and charitable donations**

During the year the Company made political donations of £85,000 (2011 £65,000) to the Conservative Party and charitable donations totalling £7,698 (2011 £9,643).

### **Disclosure of information to auditors**

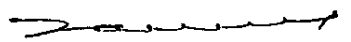
The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make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

## **Directors' report** *(continued)*

### **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

  
Z M Choudrey, BA (Hons), FCA  
Director

8 November 2012

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**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

## **Independent auditor's report to the members of Bestway Cash & Carry Limited**

We have audited the financial statements of Bestway Cash & Carry Limited for the year ended 30 June 2012 set out on pages 8 to 21. 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 5, 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](http://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 Cash & Carry 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*

**BJ 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>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Turnover	<i>1</i>	995,603	930,852
Cost of sales		(954,119)	(889,213)
<b>Gross profit</b>		<b>41,484</b>	<b>41,639</b>
Administrative expenses		(25,342)	(24,675)
Other operating income	<i>3</i>	7,059	5,531
<b>Operating profit</b>		<b>23,201</b>	<b>22,495</b>
Other interest receivable and similar income	<i>4</i>	151	246
Interest payable and similar charges	<i>5</i>	(184)	(288)
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	<b>23,168</b>	<b>22,453</b>
Taxation	<i>7</i>	(4,021)	(6,177)
<b>Profit for the financial year</b>	<i>15</i>	<b>19,147</b>	<b>16,276</b>

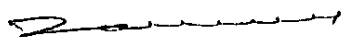
The results shown above are derived entirely from continuing operations


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 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	9	12,319	10,913
<b>Current assets</b>			
Stocks	10	74,333	73,833
Debtors	11	70,845	62,082
Cash at bank and in hand		19,996	22,371
		165,174	158,286
<b>Creditors amounts falling due within one year</b>	12	(125,339)	(128,003)
<b>Net current assets</b>		39,835	30,283
<b>Total assets less current liabilities</b>		52,154	41,196
<b>Provisions for liabilities</b>	13	(578)	(467)
<b>Net assets</b>		51,576	40,729
<b>Capital and reserves</b>			
Called up share capital	14	200	200
Profit and loss account	15	51,376	40,529
<b>Shareholders' funds</b>	16	51,576	40,729

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 1207120

## 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 preparation*

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

#### *Going concern*

The Company has significant cash balances as at 30 June 2012 of £20 million. 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. 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 the parent undertaking, Bestway (Holdings) Limited, includes the Company in its own published consolidated financial statements

#### *Related party disclosures*

As the Company is a wholly owned subsidiary of Bestway (Holdings) Limited, it 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 Group'). The consolidated financial statements of Bestway (Holdings) Limited, within which this company is included, can be obtained from the address given in note 22

#### *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 over their estimated useful lives as follows

Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	25% reducing balance

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. Provision is made for obsolete and slow moving items

#### *Retrospective rebates and discounts*

The Company negotiates discounts directly with 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

#### *Operating leases*

Annual rentals are charged to the profit and loss account in equal annual amounts over the period of the lease

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post retirement benefits*

The Company makes contributions towards the personal (defined contribution) pension schemes of certain of its directors and senior employees. Pension costs charged against profits represent the amounts payable to the schemes in respect of the year.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

#### *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 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.

#### *Turnover*

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers. Turnover is recognised when the risks and rewards of ownership are transferred to the customer, which is at the point of sale (or on despatch for delivered items).

#### *Turnover and profit on ordinary activities before taxation*

The turnover and profit before taxation were derived from its principal activity and performed solely in the United Kingdom.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company*

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Financial income and expenses*

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 loans and overdrafts. Interest is recognised in the profit and loss as it accrues.

#### *Rental income*

Rental income is recognised in the profit and loss account on a straight-line basis over the term of the lease.

### 2 Profit on ordinary activities before tax

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and amounts written off tangible fixed assets		
Owned assets	2,780	2,522
Operating lease rentals		
Land and buildings	325	300
Profit on disposal of fixed assets	-	(12)
Auditors' remuneration		
Audit of these financial statements	63	79
Taxation compliance services	17	16
Taxation advisory services	10	-
	<hr/>	<hr/>

**Notes (continued)**

**3 Other operating income**

	2012 £000	2011 £000
Net rental income	848	792
Management fee charged to group undertakings	6,211	4,737
Other operating income	-	2
	<u>7,059</u>	<u>5,531</u>

**4 Other interest receivable and similar income**

	2012 £000	2011 £000
Bank interest receivable	<u>151</u>	<u>246</u>

**5 Interest payable and similar charges**

	2012 £000	2011 £000
On bank loans and overdrafts	147	278
Other interest	32	10
Other operating expense	5	-
	<u>184</u>	<u>288</u>

**6 Employees and directors**

The average monthly number of persons employed by the Company (including directors) during the year, was

	2012 Number	2011 Number
Office and management	329	317
Retail	1,403	1,315
Distribution	71	68
	<u>1,803</u>	<u>1,700</u>

The aggregate payroll cost of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	35,735	33,659
Social security costs	3,450	3,336
Other pension costs	733	473
	<u>39,918</u>	<u>37,468</u>

## Notes (continued)

### 6 Employees and directors (continued)

#### Directors' emoluments

	2012 £000	2011 £000
Emoluments	7,310	7,636
Contribution to money purchase pension schemes	280	50
	<u>7,590</u>	<u>7,686</u>

The number of directors for whom relevant benefits are accruing in respect of qualifying services to the Company is as follows

	2012 Number	2011 Number
Money purchase schemes	<u>4</u>	<u>4</u>

Emoluments in respect of the highest paid director amounted to

	2012 £000	2011 £000
Emoluments	<u>2,320</u>	<u>2,500</u>
	<u>2,320</u>	<u>2,500</u>

### 7 Taxation

#### Analysis of charge in period:

	2012 £000	2011 £000
Current tax		
UK corporation tax on profits of the period	4,335	6,339
Adjustments in respect of previous periods	(425)	(30)
Total current tax	<u>3,910</u>	<u>6,309</u>
Deferred tax		
Origination and reversal of timing differences	(144)	(129)
Adjustment in respect of previous periods	315	42
Effect of tax rate on opening balance	(60)	(45)
Total deferred tax	<u>111</u>	<u>(132)</u>
Tax on profit on ordinary activities	<u>4,021</u>	<u>6,177</u>

## Notes (continued)

### 7 Taxation (continued)

#### *Factors affecting the tax charge for the current period*

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

	2012 £000	2011 £000
Profit on ordinary activities before tax	23,168	22,453
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	5,908	6,175
<i>Effects of:</i>		
Expenses not deductible for tax purposes	54	28
Depreciation in excess of capital allowances	152	135
Group relief claimed	(1,779)	-
Other timing differences	-	1
Adjustment to tax charge in respect of previous periods	(425)	(30)
Total current tax charge for period	3,910	6,309

#### *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 liability which has been included in the figures above. See note 13 for further details.

### 8 Dividends

The aggregate amount of dividends comprises:

	2012 £000	2011 £000
Ordinary		
Dividends paid in respect of the current year	8,300	8,300

The directors approved a final dividend of £83 (2011: £83) per ordinary share during the year. The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2011: £nil).

## Notes (continued)

### 9 Tangible fixed assets

	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor Vehicles £000	Total £000
<i>Cost</i>				
At beginning of year	12,800	23,990	7,126	43,916
Additions	1,413	1,704	1,182	4,299
Disposals	-	-	(412)	(412)
At end of year	<u>14,213</u>	<u>25,694</u>	<u>7,896</u>	<u>47,803</u>
<i>Depreciation</i>				
At beginning of year	9,658	19,275	4,070	33,003
Charge for year	683	1,065	1,032	2,780
Disposals	-	-	(299)	(299)
At end of year	<u>10,341</u>	<u>20,340</u>	<u>4,803</u>	<u>35,484</u>
<i>Net book value</i>				
At 30 June 2012	<u>3,872</u>	<u>5,354</u>	<u>3,093</u>	<u>12,319</u>
At 30 June 2011	<u>3,142</u>	<u>4,715</u>	<u>3,056</u>	<u>10,913</u>

### 10 Stocks

	2012 £000	2011 £000
Finished goods and goods for resale	<u>74,333</u>	<u>73,833</u>

### 11 Debtors

	2012 £000	2011 £000
Trade debtors	5,419	5,051
Amounts owed by group undertakings	46,539	40,148
Amounts owed by related parties	606	9
Other debtors	3,360	4,178
Prepayments and accrued income	14,921	12,696
	<u>70,845</u>	<u>62,082</u>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	2012 £000	2011 £000
Trade creditors	111,732	108,054
Amounts owed to group undertakings	842	1,138
Amounts owed to related party	-	400
Other taxation and social security costs	2,745	2,265
Other creditors	71	755
Accruals and deferred income	8,642	11,346
Corporation tax	1,307	4,045
	<u>125,339</u>	<u>128,003</u>

**13 Provisions for liabilities**

	Deferred taxation £000
At 1 July 2011	467
Charge to profit and loss account	111
	<u>578</u>
At 30 June 2012	<u>578</u>

Deferred taxation provided in the financial statements is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	586	476
Short term timing differences	(8)	(9)
	<u>578</u>	<u>467</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 liability 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 applied to the deferred tax balance at 30 June 2012, would be to further reduce the deferred tax liability by approximately £48,000.

## Notes (continued)

### 14 Called up share capital

	2012 £000	2011 £000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100	100
100,000 5 % non-cumulative preference shares of £1 each	100	100
	<hr/> 200	<hr/> 200
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100	100
100,000 5 % non-cumulative preference shares of £1 each	100	100
	<hr/> 200	<hr/> 200

The holders of 5% non-cumulative preference shares have

- the right to receive a non-cumulative preferential dividend at the rate of 5% p.a. on the capital paid up or credited as paid up. The dividend is payable out of profits available for dividend or resolved to be distributed in respect of any financial year or other period. In case of deficiency, there is no right to resort to the profits of subsequent financial years or accounting periods, nor is there any priority in payment of a dividend over the ordinary shares;
- the right on winding-up to have the repayment of capital paid up in priority to the ordinary shares,
- no right to receive notice or to attend and vote at general meetings of the Company, and
- no right to participate in the profits or assets of the Company

### 15 Profit and loss account

	2012 £000	2011 £000
At 1 July	40,529	32,553
Profit for the financial year	19,147	16,276
Dividends (note 8)	(8,300)	(8,300)
	<hr/> 51,376	<hr/> 40,529
At 30 June	<hr/> 51,376	<hr/> 40,529

## Notes (continued)

### 16 Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Profit for financial year	19,147	16,276
Dividends	(8,300)	(8,300)
Net addition to shareholders' funds	10,847	7,976
Opening shareholders' funds	40,729	32,753
Closing shareholders' funds	51,576	40,729

### 17 Contingent liabilities

The Company had a £1,836,000 contingent liability in respect of the Bestway (Holdings) Limited group registration for VAT at 30 June 2012 (2011 £1,367,000)

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)

### 18 Commitments

At 30 June 2012 the Company had annual commitments under non-cancellable operating leases as follows

	2012 £000	2011 £000
Land and buildings		
Expiring after 4 years	325	300

The Company had £30k (2011 £nil) commitments of capital expenditure contracted for but not provided in these financial statements

## Notes (continued)

### 19 Transactions with directors

During the year sales transactions were entered into with certain directors or persons connected with the directors. These transactions were entered into during the normal course of business, with the Company, on an arm's length basis with certain of the directors' retail shops, although no specific payment terms are set.

The total value of the sales to those retail shops was £1.8 million (2011 £3.08 million). Certain of the retail shops have common directors. As required by the Companies Act 2006, the total transaction value, by director, is set out below.

	2012 £000	2011 £000
MA Pervez	883	1,980
ZM Choudrey	883	1,980
AK Bhatti	261	251
AK Chaudhary	653	847
AM Chaudhary	653	847
R Pervez	883	1,980
D Pervez	272	523

The outstanding balances due from directors in respect of these transactions were.

	2012 £000	2011 £000
MA Pervez	64	7
ZM Choudrey	64	7
AK Bhatti	3	16
AK Chaudhary	4	-
AM Chaudhary	4	-
R Pervez	64	7
D Pervez	-	6

## Notes (continued)

### 20 Transactions with related parties

The Company's disclosable 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>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Sales to Bestway Northern Limited	1	23,946	21,260
Purchases from Bestway Northern Limited	1	162	539
Management fee charged to Bestway Northern Limited	1	2,000	1,750
Year end balance due (to) / from Bestway Northern Limited	1	535	(400)
Sales to Bestway Stores	2	610	1,457
Year end balance due from Bestway Stores	2	64	1
Sales to Buybest Limited	1	-	92
Sales to Peppermill Supermarkets Limited	1	272	431
Year end balance due from Peppermill Supermarkets Limited	1	-	6
Sales to London Food & Wine	2	261	251
Year end balance due from London Food & Wine	2	3	2
Sales to Food Corner/Russell Supermarket	2	653	847
Year end balance due from Food Corner/Russell Supermarket	2	4	-

#### Sub notes

- 1 Certain directors of Bestway Cash & Carry Limited are also directors of Buybest Limited, Bestway Northern Limited and Peppermill Supermarkets Limited
- 2 Certain directors of Bestway Cash & Carry Limited are partners in Bestway Stores, Food Corner/Russell Supermarket and London Food and Wine
- 3 The transactions disclosed above are as a result of using a combined buying department for Bestway Cash & Carry Limited and Bestway Northern Limited. The Company has also taken advantage of the exemptions from disclosures applicable to subsidiary undertakings where 100% or more of the voting rights are controlled within the Group

### 21 Pension Commitments

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<i>Defined Contribution Scheme</i>		
Contributions payable by the Company for the year	486	473

At the end of the year £33,419 (2011 £33,125) of contributions were outstanding

### 22 Immediate and ultimate parent company

The Company's immediate and ultimate holding and controlling company is Bestway (Holdings) Limited, a company registered in Great Britain

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, Mandy, Cardiff, CF4 3UZ.



*Companies House*  
— for the record —

**COMPANY NAME:** BESTWAY CASH & CARRY LIMITED  
**COMPANY NUMBER:** 01207120

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