



Grant Thornton

Financial statements B & M Retail Limited

For the year ended 31 December 2010



Company No. 01357507

Company information

Company registration number	01357507
Registered office	The Vault Dakota Drive Estuary Commerce Park Speke Liverpool Merseyside L24 8RJ
Directors	B Arora R Arora S Arora S Wakeman P McDonald
Secretary	S Arora
Bankers	Barclays Bank Plc 3 Hardman Street Spinningfields Manchester M3 3HF
Solicitors	Gordons LLP 14 Piccadilly Bradford BD1 3LX
Auditors	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the directors	3 - 6
Independent auditor's report	7 - 8
Principal accounting policies	9 - 11
Profit and loss account	12
Balance sheet	13
Notes to the financial statements	14 - 21

Report of the directors

The directors present their report together with the financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the company is that of discount retailers

Business review

There was a profit for the year after taxation amounting to £25,305,000 (2009 profit £24,552,000) The directors have not recommended a dividend during the year (2009 £Nil), leaving a retained profit of £25,305,000 (2009 £24,552,000) to be transferred to reserves

During the year under review, the company increased its turnover within its existing store estate Customer footfall has increased, in line with the continued focus on its retail standards

The company also grew from 149 stores to 193 stores over the year and continues to open stores on a regular basis It now trades in Scotland, England, Wales and Northern Ireland All regions are trading well Customer awareness of the chain is improving as the company extends its geographic footprint The directors believe the current property market presents attractive opportunities to expand store numbers

The company continues to invest heavily in its infrastructure and the strength of its management team The directors are confident the business is well placed to exploit the current market opportunities, albeit on a prudent and cautious basis

The directors consider the company's key performance indicators ("KPI's") to be gross profit, operating profit and stock turnover These KPIs can be calculated directly from the financial statements

Directors

The directors in office during the year are shown below All directors served on the Board throughout the year

B Arora
R Arora
S Arora
A Colledge - resigned 26 July 2010
S Wakeman
P McDonald - was appointed as a director on 3 May 2011

S Arora, B Arora and R Arora are directors of Firesource Limited, the ultimate parent undertaking

Qualifying third party indemnity provision

During the financial year, qualifying third party indemnity provisions for the benefit of the directors were in place

Report of the directors

Financial risk management objectives and policies

The company uses various financial instruments, these include parent company loans, finance company loans, cash, equity investment and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the company's exposure to those risks, in particular the company's exposure to currency risk, the company enters into forward foreign currency contracts. No transactions in derivatives are undertaken of a speculative nature.

The main risks arising from the company's financial instruments are market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. Price risk is not considered material to the business as the company is able to pass on pricing changes to its customers. The company's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. In relation to translation risk, this is not considered material to the business as amounts owed in foreign currency are short term of up to 30 days. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the company does not adopt an accounting policy of hedge accounting for these financial statements.

All of the company's sales are to customers in the UK and there is no currency exposure in this respect.

About 25% of the company's purchases are priced in US Dollars. The company uses forward currency contracts to minimise the risk associated with that exposure.

Interest rate risk

The company finances its operations through a mixture of retained profits, overdraft and parent company loan. The company's exposure to interest rate fluctuations on its borrowings is not considered material. The parent company loan does not attract any interest costs.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparty is a UK clearing bank with a high credit rating. The principal credit risk arises therefore from the company's trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Provisions against bad debts are made where appropriate.

Report of the directors

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs

All of the company's borrowings were either due to mature in less than five years or are loans from the company's parent undertaking which have no set date for repayment. Short-term flexibility is achieved by overdraft facilities.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 laws). 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 and 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor are aware of that information.

Report of the directors

Employees

The company has continued its practice of keeping staff informed of matters affecting them as employees through local meetings, company newsletters and notice boards

The company seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability

Payment policy and practice

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditors at the year end amounted to 46 days (2009 40 days) of average supplies for the year

Auditors

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD



S Arora
Secretary
18 May 2011



Independent auditor's report to the members of B & M Retail Limited

We have audited the financial statements of B & M Retail Limited for the year ended 31 December 2010 which comprise the principal accounting policies, the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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

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 31 December 2010 and of the 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 Report of the directors 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 B & M Retail 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

Grant Thornton UK LLP

John Shinnick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
18 May 2011

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies of the company, which are set out below, have remained unchanged from the prior year

Going concern

At the year-end, the company had a cash balance of £23,741,000. As a discount retailer, the company is well placed to withstand the current economic conditions. The company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the company will trade within its current banking facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue its successful growth. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No 1 (Revised 1996) on the basis that the ultimate parent undertaking has prepared a consolidated cash flow statement.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Store retail turnover is recognised at the initial point of sale of goods to customers. Wholesale turnover is recognised on despatch of goods.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets, excluding freehold land, as follows:

Leasehold land and buildings	Life of lease
Plant and equipment, fixtures and fittings and motor vehicles	10% - 25% straight line

Revenue expenditure incurred on new units prior to opening for business is written off as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Principal accounting policies

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is not subject to discounting.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of lease payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Operating lease incentives are recognised on a straight-line basis, as a reduction of the rental expense over the shorter of the lease term and the period of the first rent review where market rentals will be payable.

Investments

Investments are included at cost less amounts written off.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are dealt with through the profit and loss account.

Contributions to pension funds

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting year.

Principal accounting policies

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the group/company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Derivative instruments

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

The criteria for forward foreign currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified,
- it must involve the same currency as the hedged item, and
- it must reduce the risk of foreign currency exchange movements on the company's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable, future transaction, are deferred until the transaction occurs.

Profit and loss account

	Note	2010 £000	2009 £000
Turnover	1	538,321	426,657
Cost of sales		<u>(377,523)</u>	<u>(304,318)</u>
Gross profit		160,798	122,339
Administrative expenses excluding store opening costs		(124,534)	(87,004)
Store opening costs		(895)	(1,321)
Total administrative expenses		<u>(125,429)</u>	<u>(88,325)</u>
Operating profit		35,369	34,014
Net interest	2	<u>(186)</u>	<u>(165)</u>
Profit on ordinary activities before taxation	1	35,183	33,849
Tax on profit on ordinary activities	4	(9,878)	(9,297)
Profit for the financial year	15	<u>25,305</u>	<u>24,552</u>

There were no recognised gains or losses other than the profit for the financial year

All of the activities of the company are classed as continuing

Balance sheet

	Note	2010 £000	2009 £000
Fixed assets			
Investments	5	7	7
Tangible assets	6	<u>25,543</u>	<u>18,148</u>
		25,550	18,155
Current assets			
Stocks	7	77,285	43,473
Debtors	8	26,370	22,268
Cash at bank and in hand		<u>23,741</u>	<u>14,932</u>
		127,396	80,673
Creditors: amounts falling due within one year	9	<u>(74,254)</u>	<u>(53,474)</u>
Net current assets		<u>53,142</u>	<u>27,199</u>
Total assets less current liabilities		78,692	45,354
Creditors : amounts falling due after more than one year	10	(5,619)	(633)
Provisions for liabilities and charges	12	(5,533)	(2,486)
Net assets		<u><u>67,540</u></u>	<u><u>42,235</u></u>
Capital and reserves			
Called up share capital	14	1,905	1,905
Profit and loss account	15	<u>65,635</u>	<u>40,330</u>
Shareholders' funds	16	<u><u>67,540</u></u>	<u><u>42,235</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2011 and signed on their behalf by



S Arora
Director

Company registration number 01357507

The accompanying accounting policies and notes form part of these financial statements

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company

The profit on ordinary activities before taxation is stated after charging

	2010 £000	2009 £000
Auditors' remuneration		
Audit services	29	23
Non-audit services, taxation compliance	6	6
Depreciation		
Tangible fixed assets, owned assets	4,149	3,150
Tangible fixed assets, assets on finance leases	369	556
Hire of plant and machinery	613	612
Other operating lease payments	18,582	15,127
Loss on sale of tangible fixed assets	<u>13</u>	<u>16</u>

2 Net interest

	2010 £000	2009 £000
Interest on loans and overdrafts	153	112
Finance charges in respect of finance leases	<u>38</u>	<u>67</u>
	191	179
Interest receivable	<u>(5)</u>	<u>(14)</u>
	<u>186</u>	<u>165</u>

3 Directors and employees

	2010 £'000	2009 £000
Staff costs during the year were as follows		
Wages and salaries	56,493	42,049
Social security costs	3,213	2,428
Pension costs	41	45
	<u>59,747</u>	<u>44,522</u>

	2010 Number	2009 Number
The average number of employees during the year was		
Sales and distribution staff	6,274	4,729
Administration	152	102
	<u>6,426</u>	<u>4,831</u>

Remuneration in respect of directors was as follows

	2010 £000	2009 £000
Emoluments and benefits in kind	<u>301</u>	<u>321</u>

During the year, no directors (2009 Nil) participated in money purchase pension schemes

Remuneration in respect of the highest paid director was as follows

	2010 £000	2009 £000
Emoluments and benefits in kind	<u>122</u>	<u>128</u>

4 Tax on profit on ordinary activities

	2010 £000	2009 £000
The tax charge represents		
United Kingdom corporation tax at 28% (2009 28%)		
– current year	9,863	9,502
– prior year	4	(412)
	<u>9,867</u>	<u>9,090</u>
Deferred tax (note 13)		
– current year	11	48
– prior year	-	159
	<u>9,878</u>	<u>9,297</u>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2009 28%) The differences are explained as follows

	2010 £000	2009 £000
Profit on ordinary activities before taxation	<u>35,183</u>	<u>33,849</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009 28%)	9,851	9,478
Effect of		
Expenses not deductible for tax purposes	137	272
Differences between capital allowances and depreciation	193	(47)
Adjustment in respect of previous years	4	(412)
Income not taxable	(88)	(33)
Group relief	(230)	(168)
	<u>9,867</u>	<u>9,090</u>

5 Investments

	£000
Cost and net book value	
At 31 December 2009 and 31 December 2010	<u><u>7</u></u>
The investment of £7,000 relates to investment in the NISA scheme	

6 Tangible fixed assets

	Land and buildings £000	Motor vehicles £000	Plant, fixtures and equipment £000	Total £000
Cost				
At 1 January 2010	5,313	2,920	26,167	34,400
Additions	792	732	10,447	11,971
Disposals	-	(140)	(18)	(158)
At 31 December 2010	<u><u>6,105</u></u>	<u><u>3,512</u></u>	<u><u>36,596</u></u>	<u><u>46,213</u></u>
Depreciation				
At 1 January 2010	2,025	1,207	13,020	16,252
Charge for the year	832	524	3,162	4,518
Disposals	-	(100)	-	(100)
At 31 December 2010	<u><u>2,857</u></u>	<u><u>1,631</u></u>	<u><u>16,182</u></u>	<u><u>20,670</u></u>
Net book value				
At 31 December 2010	<u><u>3,248</u></u>	<u><u>1,881</u></u>	<u><u>20,414</u></u>	<u><u>25,543</u></u>
At 31 December 2009	<u><u>3,288</u></u>	<u><u>1,713</u></u>	<u><u>13,147</u></u>	<u><u>18,148</u></u>

Included within land and buildings is land with a cost of £100,000 (2009 £100,000) which is not depreciated

	2010 £000	2009 £000
The net book value of land and buildings comprises		
Freehold land and buildings	153	154
Short leasehold improvements	3,095	3,134
	<u><u>3,248</u></u>	<u><u>3,288</u></u>

Included within the net book value of £25,543,000 is £1,408,000 (2009 - £1,969,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £369,000 (2009 - £556,000)

7 Stocks

	2010	2009
	£000	£000
Goods for resale	<u>77,285</u>	<u>43,473</u>

8 Debtors

	2010	2009
	£000	£000
Trade debtors	1,009	125
Other debtors	53	63
Amounts due from group undertakings	8,092	8,722
Prepayments and accrued income	<u>17,216</u>	<u>13,358</u>
	<u>26,370</u>	<u>22,268</u>

9 Creditors : amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	47,738	33,428
Social security and other taxes	6,174	4,539
Other creditors	776	399
Amounts owed to group undertakings	3,818	2,354
Corporation tax	7,363	6,252
Accruals and deferred income	7,698	6,050
Amounts due under finance leases (note 11)	<u>687</u>	<u>452</u>
	<u>74,254</u>	<u>53,474</u>

Obligations due under finance leases and hire purchase contracts are secured by the related assets

10 Creditors : amounts falling due after more than one year

	2010	2009
	£000	£000
Other creditors	5,000	-
Amounts due under finance leases (note 11)	<u>619</u>	<u>633</u>
	<u>5,619</u>	<u>633</u>

Obligations due under finance leases and hire purchase contracts are secured by the related assets

11 Borrowings

Finance leases are repayable as follows

	2010 £000	2009 £000
Finance leases		
Within one year	687	452
After one and within five years	619	633
	<u>1,306</u>	<u>1,085</u>

No amounts are due after more than five years

12 Provisions for liabilities and charges

	Deferred tax (note 13) £000	Reverse lease premiums £000	Total £000
At 1 January 2010	547	1,939	2,486
Inception of new leases	-	5,010	5,010
Charge/(release) to the profit and loss account (note 13)	11	(1,974)	(1,963)
At 31 December 2010	<u>558</u>	<u>4,975</u>	<u>5,533</u>

13 Deferred taxation

Deferred taxation, which has been provided in full, is set out below

	2010 £000	2009 £000
Accelerated capital allowances	559	547
Other timing differences	(1)	-
	<u>558</u>	<u>547</u>

14 Share capital

	2010 £'000	2009 £'000
Authorised		
905,000 "A" ordinary shares of £1 each	905	905
95,000 "B" ordinary shares of £1 each	95	95
1,810,000 "C" ordinary shares of 50p each	905	905
	<u>1,905</u>	<u>1,905</u>
Allotted, called up and fully paid		
905,000 "A" ordinary shares of £1 each	905	905
95,000 "B" ordinary shares of £1 each	95	95
1,810,000 "C" ordinary shares of 50p each	905	905
	<u>1,905</u>	<u>1,905</u>

15 Profit and loss account

	2010 £000	2009 £000
At 1 January 2010	40,330	15,778
Profit for the financial year	25,305	24,552
At 31 December 2010	<u>65,635</u>	<u>40,330</u>

16 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit for the financial year	25,305	24,552
Opening shareholders' funds	42,235	17,683
Closing shareholders' funds	<u>67,540</u>	<u>42,235</u>

17 Financial commitments

Capital commitments

	2010 £000	2009 £000
Contracted	-	1,260

Operating leases

Annual commitments under non cancellable operating leases are as follows

	31 December 2010		31 December 2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	711	177	697	234
In the second to fifth year inclusive	4,146	436	3,541	389
Over five years	18,907	-	9,751	-
	<u>23,764</u>	<u>613</u>	<u>13,989</u>	<u>623</u>

18 Derivative financial instruments

The company incurs foreign currency risk on purchases that are denominated in US Dollars. The company uses forward exchange contracts and foreign exchange options to hedge a proportion of its foreign currency risk. All of the forward exchange contracts have maturities of less than one year from the balance sheet date. At 31 December 2010, the fair value of forward contracts (buy US\$ and sell £) amounted to £Nil (asset) (2009 £483,310 asset). All of the foreign exchange options have maturities of less than one year from the balance sheet date. At 31 December 2010, the fair value of foreign exchange options amounted to £Nil (2009 £551,187 asset).

19 Contingent liabilities

There were no contingent liabilities as at 31 December 2010 or 31 December 2009

20 Pension scheme

The company operates defined contribution schemes for employees and for directors. The pension cost for the year represents contributions payable by the company to each of the employees and directors funds. There were no amounts outstanding or prepaid at either year end.

21 Ultimate parent undertaking

The directors consider that at 31 December 2010 the ultimate parent company was Firesource Limited, registered in England and Wales. Firesource Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. The ultimate controlling parties are B Arora and S Arora.

22 Related party transactions

The company is exempt under the provisions of Financial Reporting Standard No 8 from disclosing transactions with other wholly owned group companies.