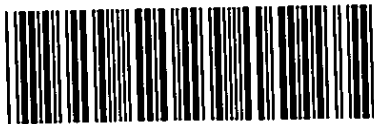


Ash Distribution Limited
Annual report and financial statements
for the year ended 31 October 2010

Registered number 3310383

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Ash Distribution Limited
Annual report and financial statements
for the year ended 31 October 2010
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Ash Distribution Limited

Directors and advisers

Executive directors

C Kennedy

O K H Robson

I S Elliott

Non-executive directors

H R V Morgan Williams OBE

J S Francis

Company secretaries and registered office

O K H Robson

J S Francis

Crowther Road

Washington

Tyne & Wear

NE38 0BW

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

Solicitors

Ward Hadaway

Sandgate House

102 Quayside

Newcastle upon Tyne

NE1 3DX

Dickinson Dees LLP

St Ann's Wharf

112 Quayside

Newcastle upon Tyne

NE1 3DX

Principal bankers

Lloyds TSB Bank plc

102 Grey Street

Newcastle upon Tyne

NE1 6AG

Ash Distribution Limited

Directors' report for the year ended 31 October 2010

The directors present their report and audited financial statements of the company for the year ended 31 October 2010

Business review and principal activities

The principal activity of the company in the year under review was that of the sale of computer accessories and components

The results for the company show turnover for the year ended 31 October 2010 of £956,258 (2009 £1,366,917) and profit on ordinary activities before taxation of £20,641 (2009 loss £73,453)

Directors

The directors of the company for the year ended 31 October 2010 and up to the date of signing the financial statements unless otherwise stated, are listed on page 1

Directors liability insurance

The company has taken out insurance for directors liability as permitted by Section 236(2), (3) of the Companies Act 2006

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 prepared 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 then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

Ash Distribution Limited

Disclosure of information to auditors

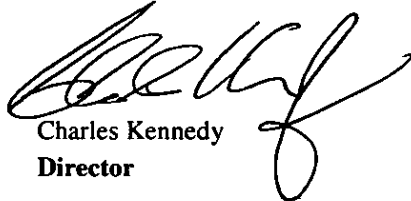
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

This report has been prepared in accordance with the small companies regime of the Companies Act 2006 relating to small companies

On behalf of the board



Charles Kennedy
Director

15 December 2010

Ash Distribution Limited

Independent auditors' report to the members of Ash Distribution Limited

We have audited the financial statements of Ash Distribution Limited for the year ended 31 October 2010 which comprise the profit and loss account, the balance sheet, the statement of accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 2 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 October 2010 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

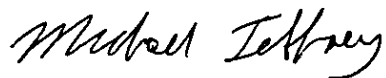
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Ash Distribution Limited

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



Michael Jeffrey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
15 December 2010

Ash Distribution Limited

Profit and loss account for the year ended 31 October 2010

		2010	2009
	Note	£	£
Turnover	1	956,258	1,366,917
Cost of sales		(731,337)	(1,102,897)
Gross profit		224,921	264,020
Operating expenses before exceptional items	2	(204,277)	(322,620)
Exceptional operating expenses	3	-	(14,849)
Total net operating expenses		(204,277)	(337,469)
Operating profit/(loss)		20,644	(73,449)
Interest payable and similar charges	6	(3)	(4)
Profit/(loss) on ordinary activities before taxation	7	20,641	(73,453)
Tax on profit/(loss) on ordinary activities	8	(4,643)	1,876
Profit/(loss) for the financial year	15	15,998	(71,577)

All of the company's activities are continuing

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

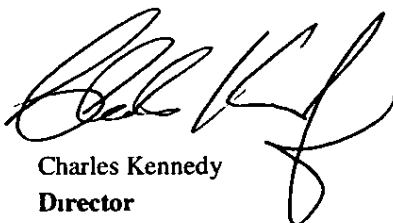
There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents

Ash Distribution Limited

Balance sheet as at 31 October 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	6,437	8,918
Current assets			
Stocks	10	125,714	126,992
Debtors	11	45,181	87,079
Cash at bank and in hand		11,141	702
		182,036	214,773
Creditors: amounts falling due within one year	12	(201,223)	(252,439)
Net current liabilities		(19,187)	(37,666)
Net liabilities		(12,750)	(28,748)
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	(22,750)	(38,748)
Total shareholders' deficit	16	(12,750)	(28,748)

The financial statements on pages 6 to 17 were approved by the board of directors on 15 December 2010 and were signed on its behalf by



Charles Kennedy
Director

Registered number
3310383

Ash Distribution Limited

Statement of accounting policies

Going Concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Canford Group plc

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow statement

The company is a wholly owned subsidiary undertaking and the cash flows of the company are included in the consolidated cash flow statement of its ultimate parent undertaking. Consequently, the company is exempt under the terms of FRS 1 'Cash flow statements' (revised 1996), from the requirement to publish a cash flow statement

Turnover

Turnover, which excludes value added tax, represents the invoiced amount of goods despatched and services supplied

Pensions

The company participates in a group personal pension scheme which is a defined contribution scheme. Pension contributions are charged to the profit and loss account in the year in which the liability to pay arises. The assets of the scheme are held separately from those of the company in an independent fund

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition required to bring the asset to working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful economic lives using the following rates

Leasehold alterations	33% straight line
Fixtures and fittings	12.5% straight line
Computer equipment	25% straight line
Plant and machinery	33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks

Ash Distribution Limited

Deferred tax

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

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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 an undiscounted basis

Foreign currencies

Revenues and expenses in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences arising on foreign exchange translation are taken to the profit and loss account in the year in which they arise

Finance leases, hire purchase contracts and operating leases

Costs in respect of operating leases are charged on a straight line basis to the profit and loss account over the lease term

Leasing and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases and hire purchase contracts. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period

Assets held under finance leases and hire purchase contracts are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

Ash Distribution Limited

Notes to the financial statements for the year ended 31 October 2010

1 Turnover

Turnover consists entirely of sales made in the United Kingdom

2 Operating expenses before exceptional items

	2010	2009
	£	£
Distribution costs	26,086	35,181
Administrative expenses	178,191	287,439
	204,277	322,620

3 Exceptional operating expenses

	2010	2009
	£	£
Redundancy costs	-	14,849

4 Directors' emoluments

The directors receive no emoluments in respect of their services to the company (2009 £nil)

5 Employee information

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

By activity	2010 Number	2009 Number
Administration	5	11
Distribution	-	4
	5	15

Ash Distribution Limited

5 Employee information (continued)

	2010	2009
	£	£
Staff costs (for the above persons)		
Wages and salaries	97,046	246,243
Social security costs	8,460	22,633
Other pension costs (note 19)	1,172	-
	106,678	268,876

6 Interest payable and similar charges

	2010	2009
	£	£
On other loans	3	4

7 Profit/(loss) on ordinary activities before taxation

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation charge for the year - tangible owned fixed assets	5,201	4,875
Operating leases - land and buildings	-	828
- motor vehicles	2,040	2,040
Gain/(loss) arising from exchange movements	(403)	3,810

The auditor's fees are borne by fellow subsidiary undertaking, Canford Audio PLC in the current and prior year

Ash Distribution Limited

8 Tax on profit/(loss) on ordinary activities

(a) Analysis of the credit in the year

	2010	2009
	£	£
Current tax		
United Kingdom corporation tax on profit / (loss) for the year	4,465	-
Adjustment in respect of prior years	-	(257)
Total current tax	4,465	(257)
Deferred tax		
Origination and reversal of timing differences	178	(1,619)
Total deferred tax (note 13)	178	(1,619)
Tax on profit/(loss) on ordinary activities	4,643	(1,876)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard companies rate of corporation tax in the UK (28%) The differences are explained below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	20,641	(73,453)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	4,335	(20,567)
Effects of		
Expenses not deductible for tax purposes	-	7
Loss relief surrendered	-	19,222
Depreciation in excess of capital allowances	130	1,338
Adjustment in respect of prior years	-	(257)
Current tax charge for the year	4,465	(257)

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future periods

Ash Distribution Limited

9 Tangible assets

	Leasehold alterations	Plant and machinery	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 November 2009	12,914	7,575	4,462	77,120	102,071
Additions	-	-	-	2,720	2,720
At 31 October 2010	12,914	7,575	4,462	79,840	104,791
Accumulated depreciation					
At 1 November 2009	12,914	7,575	4,084	68,580	93,153
Charge for year	-	-	232	4,969	5,201
At 31 October 2010	12,914	7,575	4,316	73,549	98,354
Net book amount					
At 31 October 2010	-	-	146	6,291	6,437
At 31 October 2009	-	-	378	8,540	8,918

10 Stocks

	2010	2009
	£	£
Finished goods and goods for resale	125,714	126,992

Ash Distribution Limited

11 Debtors

	2010	2009
	£	£
Trade debtors	35,861	78,340
Amounts owed by fellow subsidiary undertakings	5,803	142
Other debtors	271	339
Prepayments and accrued income	3,034	7,868
Deferred tax asset (note 13)	212	390
	45,181	87,079

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and have no fixed terms of repayment

12 Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank overdraft	-	32,783
Trade creditors	99,239	125,223
Amounts owed to fellow subsidiary undertakings	68,866	47,522
Corporation tax	4,465	-
Other taxation and social security	11,049	17,427
Other creditors	3,397	3,772
Accruals and deferred income	14,207	25,712
	201,223	252,439

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and have no fixed terms of repayment

Ash Distribution Limited

13 Deferred taxation

The deferred tax asset is analysed as follows

	2010	2009
	£	£
Depreciation in excess of capital allowances	212	390
		£
Balance at 1 November 2009		390
Charged to the profit and loss account (note 8)		(178)
At 31 October 2010		212

The directors believe it is more likely than not that there will be sufficient taxable profits in the future as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

14 Called up share capital

	2010	2009
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

15 Reserves

	Profit and loss account
	£
At 1 November 2009	(38,748)
Profit for the financial year	15,998
At 31 October 2010	(22,750)

Ash Distribution Limited

16 Reconciliation of movements in shareholders' deficit

	2010	2009
	£	£
Profit/(loss) for the financial year	15,998	(71,577)
Opening shareholders' (deficit)/ funds	(28,748)	42,829
Closing shareholders' deficit	(12,750)	(28,748)

17 Financial commitments

At 31 October 2010 the company had annual commitments under non-cancellable operating leases as follows

	Motor vehicles	
	2010	2009
	£	£
Expiring within one year	2,040	-
Expiring between one and two years	-	2,040
	2,040	2,040

18 Contingent liabilities

Canford Group PLC, Canford Audio PLC, NEAL Recording Systems Limited, Canford Manufacturing Limited, and Ash Distribution Limited have each entered into a cross-guarantee agreement to secure the bank overdrafts of these companies. The total net surplus position of these companies at 31 October 2010 amounted to £203,777 (2009 total net overdraft £234,438)

19 Pensions and similar obligations

The company participates in a group personal pension scheme which is a defined contribution scheme. Contributions payable by the company amounted to £1,172 (2009 £nil). There were contributions payable at 31 October 2010 of £94 (2009 £nil).

Ash Distribution Limited

20 Related party transactions

The company has taken advantage of the exemption available under FRS 8 'Related Party Disclosure' not to disclose details of intra-group transactions

21 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Canford Group PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the parent's consolidated financial statements may be obtained from the Company Secretary, Canford Group PLC, Crowther Road, Washington, Tyne & Wear, NE38 0BW