

Financial Statements PLB Group Limited

For the period ended 31 August 2010



Company No. 01655729

Officers and professional advisers

Company registration number	01655729
Registered office	Dorset House 64 High Street East Grinstead West Sussex RH19 3DE
Directors	S K Fredericks J M Fredericks J Fredericks J C M Newton S J Walder P J Bisley P Darbyshire J Osborne
Secretary	S K Fredericks
Bankers	Barclays Bank plc 90-92 High Street Crawley West Sussex RH10 1BP Lloyds Banking Group 38 Threadneedle Street London EC2P 2EH
Solicitors	KSB Law Elan House 5-11 Fetter Lane London EC4A 1QD
Auditor	Grant Thornton UK LLP Chartered Accountants The Explorer Building Fleming Way Crawley West Sussex RH10 9GT

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Report of the directors

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

Principal activities

The principal activity of the company is that of Wine, Beer and Spirit distributors in the United Kingdom and Ireland

Directors

The directors during the year were as follows

S K Fredericks
J M Fredericks
J Fredericks
J C M Newton
S J Walder
P J Bisley
P Darbyshire
J Osborne

J E D Smith resigned as a director on 1 November 2009

During the year, J M Fredericks held an interest in 30,000 £1 ordinary shares (2009 30,000) and 100,000 £1 participating preference shares (2009 100,000) of the company. J M Fredericks and J Fredericks were interested as trustees in a further 70,000 £1 ordinary shares (2009 70,000) of the company.

Business review

PLB Group Limited continues to consolidate its position as one of the leading Wine, Beer and Spirit importers and distributors in the United Kingdom.

The company has achieved a 33.3% increase in turnover in the last financial year from £79.7 million in 2009 to £106.3 million in 2010. This has largely been as a result of the acquisition of part of the business and assets of HwCg. In addition, the company has increased the sales and distribution of existing lines.

The directors are pleased to report on the successful integration of the HwCg business with the existing business. The exceptional costs of £278,016 associated with this acquisition in the financial year ended 31 August 2010 have resulted in a slightly depressed profit after tax for the year ended 31 August 2010 of £94,561 (2009 £8,487). The full benefits of the acquisition will come through in the year ending 31 August 2011.

The company continues to develop the range of wines it offers to the United Kingdom consumer and has achieved significant success in attracting major branded wine suppliers to its portfolio, most notably in recent months the McWilliams and Brown Brothers range of wines.

The company has had a policy of investing in its sales and marketing structure over the past three years and this has been important in improving sales across all sectors of the United Kingdom market.

The development of the resource covering the specialist and on trade sector continues whilst growth in PLB's core off trade market remains very encouraging.

The company uses key performance indicators to manage the business. KPI's are monitored for sales and margin growth, control on overhead costs, service levels and working capital management. The company has managed to maintain the overall gross margin primarily through the increase in the amount of business it does on commission and also broadening the range of wines and sectors in which it sells. The company continues to be diligent in the control of overheads and working capital management whilst maintaining its investment in its most important asset, its' people.

	Year to 31 August 2010 £'000	Year to 31 August 2009 £'000	Movement in 2010
Turnover	106,352	79,743	33%
Gross Profit	7,024	5,221	35%
Profit before tax	126	43	193%
Trade debtor days	79 days	88 days	(9 days)

The Directors are pleased to report on the improved profitability of the company in this financial year and with the consolidation of new business, are confident of improving in the profitability in the coming financial year.

Results and dividends

The profit for the year, after taxation, amounted to £94,561 (2009 £8,487). The directors do not propose a final dividend. A dividend of £50,000 (2009 £50,000) was paid during the year.

Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to credit, interest, liquidity and cash flow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its 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.

Interest rate risk

The company finances its operations through a mixture of retained profits, and also by an invoice discounting arrangement with its bank. The company's exposure to interest rate fluctuations on any borrowings is monitored by the directors on a regular basis.

Liquidity and cash flow risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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
- 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 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 is 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 is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

During the year the company made charitable donations of £4,102 (2009 £8,056)

Auditor

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 K Fredericks
Secretary

27 January 2011

Report of the independent auditor to the members of PLB Group Limited

We have audited the financial statements of PLB Group Limited for the year ended 31 August 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement 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 auditors

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 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/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 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.

Report of the independent auditor to the members of PLB Group 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

Christian Heeger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick

28 January 2011

Principal accounting policies

Basis of accounting

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

The principal accounting policies are set out below and remain unchanged from the previous year. The directors have reviewed the accounting policies and consider they remain the most appropriate

Basis of preparation

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the company, its cash flows, liquidity position and borrowings are as set out in the accounts. In addition, the directors' report sets out the company's objectives, policies and processes for managing its financial risk and its exposures to credit, interest rate and liquidity risk.

The company has sufficient financial resources together with long term supply arrangements with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have detailed plans to manage their resources. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Consolidation

Consolidated financial statements have not been prepared as the subsidiary undertakings are dormant and the directors do not consider that their impact would be material to the presentation of the financial statements.

The information presented in these financial statements is therefore that of the company as an individual entity and not of its group.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT, and net of retrospective rebates, discounts and price promotional support. Turnover is recognised when the company's obligations to the customer have been fulfilled.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	5 years straight line
Intellectual property		Amortised over 5 years from the 1 September 2009

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	-	2% on cost per annum
Leasehold improvements	-	20% straight line per annum
Fixtures & fittings	-	15%-25% straight line per annum
Motor vehicles	-	20% straight line per annum

Investments

Investments are included at cost less amounts written off

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Stock-in-transit is valued at cost and is recognised when the risks and rewards of ownership pass to the company.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

Liquid resources

Funds on deposit that are not accessible within 24 hours have been treated as liquid resources for the purpose of the cashflow statement in accordance with Financial Reporting Standard 1 (revised) 'Cash Flow Statements'.

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	106,352,341	79,742,967
Cost of sales		(99,328,027)	(74,522,087)
Gross profit		<u>7,024,314</u>	<u>5,220,880</u>
Administrative expenses - exceptional items	2	(278,016)	(222,449)
Administrative expenses - other		(6,549,180)	(4,948,025)
Total administrative expenses		<u>(6,827,196)</u>	<u>(5,170,474)</u>
Operating profit	2	197,118	50,406
Interest receivable		6,682	16,039
Interest payable and similar charges	5	(77,567)	(23,509)
Profit on ordinary activities before taxation		126,233	42,936
Tax on profit on ordinary activities	6	(31,672)	(34,449)
Profit for the financial year	21	<u>94,561</u>	<u>8,487</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

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

Balance sheet

Company No 01655729

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	8	19,996	44,986
Tangible assets	9	320,621	388,049
Investments	10	91,550	91,550
		<u>432,167</u>	<u>524,585</u>
Current assets			
Stocks	11	7,099,995	7,848,925
Debtors	12	24,423,917	20,242,141
Cash at bank and in hand		2,575,219	1,283,069
		<u>34,099,131</u>	<u>29,374,135</u>
Creditors amounts falling due within one year	13	<u>(30,680,780)</u>	<u>(26,091,524)</u>
Net current assets		<u>3,418,351</u>	<u>3,282,611</u>
Total assets less current liabilities		<u>3,850,518</u>	<u>3,807,196</u>
Creditors: amounts falling due after more than one year	14	<u>(100,000)</u>	<u>(100,000)</u>
		<u>3,750,518</u>	<u>3,707,196</u>
Provision for liabilities			
Deferred taxation	15	(316)	(1,555)
		<u>3,750,202</u>	<u>3,705,641</u>
Capital and reserves			
Called-up equity share capital	20	100,000	100,000
Profit and loss account	21	3,650,202	3,605,641
Shareholders' funds	22	<u>3,750,202</u>	<u>3,705,641</u>

These financial statements were approved by the directors on 27/1/11 and are signed on their behalf by



P Darbyshire
Director



S K Fredericks
Director

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

Cash flow statement

	Note	2010 £	2009 £
Net cash inflow/(outflow) from operating activities		884,187	(1,645,398)
Returns on investments and servicing of finance			
Interest received		6,682	16,039
Interest paid		(77,567)	(23,509)
Net cash outflow from returns on investments and servicing of finance		(70,885)	(7,470)
Tax paid		(14,543)	(47,327)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(38,775)	(104,925)
Receipts from sale of fixed assets		38,250	6,018
Net cash outflow from capital expenditure and financial investment		(525)	(98,907)
Acquisition			
Purchase of business		-	(133,482)
Equity dividends paid		(50,000)	(50,000)
Net cash inflow/(outflow) before financing		748,234	(1,982,584)
Financing			
Repayment of invoice discounting liabilities		(453,722)	-
Increase/(decrease) in cash	23	<u>294,512</u>	<u>(1,982,584)</u>

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2010 £	2009 £
Operating profit	197,118	50,406
Amortisation	24,990	20,004
Depreciation	91,203	92,394
Profit on disposal of fixed assets	(23,250)	(2,171)
Decrease/(increase) in stocks	748,930	(3,101,279)
Increase in debtors	(4,182,525)	(785,932)
Increase in creditors	4,027,721	2,081,180
Net cash inflow/(outflow) from operating activities	<u>884,187</u>	<u>(1,645,398)</u>

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

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activity of the company, that of Wine, Beer and Spirit distributors in the United Kingdom and Ireland

2 Operating profit

Operating profit is stated after charging/(crediting)

	2010 £	2009 £
Exceptional items	278,016	222,449
Amortisation	24,990	20,004
Depreciation of owned fixed assets	91,203	92,394
Profit on disposal of fixed assets	(23,250)	(2,171)
Auditor's remuneration	28,500	28,500
Non-audit fees	16,500	65,993
Operating lease costs		
Plant and equipment	46,194	58,201
Land and buildings	57,500	55,000

The exceptional items relate to non-recurring costs associated with the acquisition of the trade and certain assets of HwCg Limited

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Selling and distribution	27	29
Office and management	40	29
	<u>67</u>	<u>58</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	3,453,186	2,556,726
Social security costs	423,364	310,739
Other pension costs	284,051	184,113
	<u>4,160,601</u>	<u>3,051,578</u>

4 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments receivable	853,925	780,185
Value of company pension contributions to money purchase schemes	68,259	53,529
	<u>922,184</u>	<u>833,714</u>

Emoluments of highest paid director

	2010 £	2009 £
Total emoluments	<u>216,847</u>	<u>179,314</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010 No	2009 No
Money purchase schemes	<u>6</u>	<u>6</u>

5 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	<u>77,567</u>	<u>23,509</u>

6 Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 21% (2009 21%)	49,340	27,138
(Over)/under provision in prior year	(16,429)	573
Total current tax	<u>32,911</u>	<u>27,711</u>
Deferred tax		
Origination and reversal of timing differences	(1,239)	6,738
Tax on profit on ordinary activities	<u>31,672</u>	<u>34,449</u>

(b) Factors affecting current tax charge

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>126,233</u>	<u>42,936</u>
Profit on ordinary activities at 21% (2009 21%)	26,509	9,017
Expenses not deductible for tax purposes	19,610	30,109
Income not taxable for tax purposes	(1,627)	-
Capital allowances for period in excess of depreciation	2,433	(6,738)
Other timing differences	2,415	(5,250)
Adjustments to tax charge in respect of previous periods	(16,429)	573
Total current tax (note 6(a))	<u>32,911</u>	<u>27,711</u>

7 Dividends

Dividends on share classed as equity

	2010 £	2009 £
Paid during the year		
Equity dividends on ordinary shares	<u>50,000</u>	<u>50,000</u>

8 Intangible fixed assets

	Goodwill £	Intellectual property £	Total £
Cost			
At 1 September 2009 and at 31 August 2010	<u>100,000</u>	<u>25,000</u>	<u>125,000</u>
Amortisation			
At 1 September 2009	80,014	-	80,014
Charge for the year	<u>19,986</u>	<u>5,004</u>	<u>24,990</u>
At 31 August 2010	<u>100,000</u>	<u>5,004</u>	<u>105,004</u>
Net book amount			
At 31 August 2010	<u>-</u>	<u>19,996</u>	<u>19,996</u>
At 31 August 2009	<u>19,986</u>	<u>25,000</u>	<u>44,986</u>

9 Tangible fixed assets

	Freehold property £	Short Leasehold Improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 September 2009	132,900	80,915	827,317	216,073	1,257,205
Additions	-	-	29,325	9,450	38,775
Disposals	-	-	(15,000)	(24,500)	(39,500)
At 31 August 2010	<u>132,900</u>	<u>80,915</u>	<u>841,642</u>	<u>201,023</u>	<u>1,256,480</u>
Depreciation					
At 1 September 2009	23,963	28,983	644,654	171,556	869,156
Charge for the year	2,664	14,436	60,207	13,896	91,203
Disposals	-	-	-	(24,500)	(24,500)
At 31 August 2010	<u>26,627</u>	<u>43,419</u>	<u>704,861</u>	<u>160,952</u>	<u>935,859</u>
Net book amount					
At 31 August 2010	<u>106,273</u>	<u>37,496</u>	<u>136,781</u>	<u>40,071</u>	<u>320,621</u>
At 31 August 2009	<u>108,937</u>	<u>51,932</u>	<u>182,663</u>	<u>44,517</u>	<u>388,049</u>

10 Investments

Fixed asset investments

	Shares in group undertakings	Other investments	Total
	£	£	£
Cost and net book amount At 1 September 2009 and at 31 August 2010	<u>2</u>	<u>91,548</u>	<u>91,550</u>

Subsidiaries

At 31 August 2010 and 31 August 2009 the company held 100% of the ordinary share capital of the following undertakings

Aggregate capital and reserves

PLB Wines Limited (dormant)	1	1
PLB Beers Limited (dormant)	1	1

Both companies are registered in England and Wales

The company has taken advantage of the exemption conferred by s402 of Companies Act 2006 and Financial Reporting Standard 2 "Subsidiary undertakings" not to prepare consolidated financial statements as the subsidiary undertakings are not considered to be material for the purpose of giving a true and fair view of the group's financial position. These financial statements therefore present information about the company as an individual undertaking and not its group.

Other investments

Other investments comprise

- A share in freehold land at cost of £19,156 (2009 £19,156),
- A share in Valderrama SA, a golf club registered in Spain, at cost of £72,392 (2009 £72,392)

11 Stocks

	2010	2009
	£	£
Finished goods	5,528,959	5,606,403
Stock in transit	1,571,036	2,242,522
	<u>7,099,995</u>	<u>7,848,925</u>

12 Debtors

	2010	2009
	£	£
Trade debtors	23,017,807	19,160,481
Other debtors	17,919	146,954
Corporation tax repayable	-	749
Prepayments and accrued income	355,556	59,826
VAT recoverable	1,032,635	874,131
	<u>24,423,917</u>	<u>20,242,141</u>

13 Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdrafts	997,638	-
Trade creditors	17,322,380	14,716,896
Corporation tax	45,330	27,711
Other taxation and social security	128,043	90,100
Other creditors	2,456,546	2,947,405
Accruals and deferred income	9,730,843	8,309,412
	<u>30,680,780</u>	<u>26,091,524</u>

Within other creditors of £2,456,546 is £2,063,770 (2009 £2,517,492) in respect of discounted invoices which is secured by way of a fixed and floating charge over all property and assets present and future including book debts, buildings, fixtures, fixed plant and machinery

14 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Shares classified as financial liabilities (Note 20)	<u>100,000</u>	<u>100,000</u>

15 Deferred taxation

The deferred tax included in the balance sheet is as follows

	2010	2009
	£	£
Included in provisions	316	1,555
	<u>316</u>	<u>1,555</u>

The movement in the deferred taxation account during the year was

	2010	2009
	£	£
Balance brought forward	1,555	(5,183)
Profit and loss account movement arising during the year	(1,239)	6,738
Balance carried forward	<u>316</u>	<u>1,555</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Difference between taxation allowances and depreciation on fixed assets	8,330	(6,137)
Other timing differences	(8,014)	7,692
	<u>316</u>	<u>1,555</u>

16 Leasing commitments

At 31 August 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	57,500	-	55,000	9,272
Within 2 to 5 years	-	34,708	-	34,392
	<u>57,500</u>	<u>34,708</u>	<u>55,000</u>	<u>43,664</u>

17 Contingent liabilities

Guarantees in existence at the year end were issued by the company for

HM Revenue and Customs

	2010	2009
	£	£
General Removal Bond and Duty Deferment	590,000	590,000
Intervention Board for Agricultural Produce	<u>40,000</u>	<u>40,000</u>

There were no other contingent liabilities at 31 August 2010 or 31 August 2009

18 Transactions with the directors

The freehold of the premises occupied by the company during the year was owned by the Private Liquor Brands Directors Retirement Benefit Scheme. Rental payments for the year amounted to £57,500 (2009 £55,000)

19 Controlling related party

J M Fredericks is the company's controlling related party by virtue of his personal shareholding and by being a trustee of a further 70,000 £1 ordinary shares of the company

20 Share capital

Authorised share capital

	2010	2009
	£	£
200,000 Ordinary shares of £1 each	200,000	200,000
100,000 Participating Preference shares of £1 each	100,000	100,000
	<u>300,000</u>	<u>300,000</u>

Allotted and called up

	2010		2009	
	No	£	No	£
Shares classified as equity				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares classified as financial liabilities				
Participating Preference shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

Participating preference shares

The participating preference shares carry an annual entitlement to the greater of a fixed cumulative preferential net cash dividend at the rate of £1 (net) per share per annum or a cumulative net cash dividend of a sum on each share equal to 0.0001% of the net profit, where net profit shall mean the net profit before taxation of the company calculated on the historical cost accounting basis and shown in the audited profit and loss account of the company, adjusted by disregarding any amortisation of goodwill and extraordinary items

Holders of participating preference shares have one vote for every one share held, but only on a resolution for the winding-up of the company, or if at the date of the notice or requisition to convene a general meeting the payments due on the participating preference shares are in arrears for more than six months, or when a general meeting is convened for the purpose of considering the purchase by the company of its own shares or a reduction of capital of the company, or on a resolution affecting the rights attached to the shares

On a winding up participating preference shareholders have the right to receive their capital stake and any arrears of dividends in priority to any other class of shares. Any balance of assets remaining after the repayment of share capital shall be divided between all shares equally

The preference shares are classified as a financial liability for the purposes of the financial statements. All preference dividends have been waived in both years

21 Profit and loss account

	2010
	£
Balance brought forward	3,605,641
Profit for the financial year	94,561
Dividend	(50,000)
Balance carried forward	<u>3,650,202</u>

22 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	94,561	8,487
Equity dividends	(50,000)	(50,000)
Net increase/(decrease) to shareholders' funds	44,561	(41,513)
Opening shareholders' funds	3,705,641	3,747,154
Closing shareholders' funds	3,750,202	3,705,641

23 Notes to the statement of cash flows

Reconciliation of net cash flow to movement in net (debt)/ funds

	2010	2009
	£	£
Increase/(decrease) in cash in the period	294,512	(1,982,584)
Change in amounts due in respect of discounted invoices	453,722	-
Change in net debt/(funds)	748,234	(1,982,584)
Net (debt)/funds at 1 September 2009	(1,234,423)	748,161
Net debt at 31 August 2010	(486,189)	(1,234,423)

24 Analysis of changes in net debt

	At 1 Sep 2009	Cash flows	At 31 Aug 2010
	£	£	£
Net cash			
Cash in hand and at bank	1,283,069	1,292,150	2,575,219
Overdrafts	-	(997,638)	(997,638)
	1,283,069	294,512	1,577,581
Amounts due in respect of discounted invoices	(2,517,492)	453,722	(2,063,770)
Net debt	(1,234,423)	748,234	(486,189)

25 Capital commitments

There were no capital commitments at 31 August 2010 or 31 August 2009