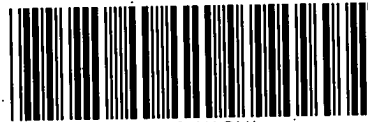


Financial Statements PLB Group Limited

For the year ended 31 August 2014

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COMPANIES HOUSE

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
P Darbyshire
J Osborne
R Waters
M E Allen

Secretary

S K Fredericks

Bankers

Barclays Bank plc
90-92 High Street
Crawley
West Sussex
RH10 1BP

Solicitors

Cripps Harris Hall LLP
Wallside House
12 Ephraim Road
Tunbridge Wells
TN1 1EG

Auditor

Grant Thornton UK LLP
Chartered Accountants
The Explorer Building
Fleming Way
Crawley
West Sussex
RH10 9GT

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Strategic Report

Principal activities

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

Business Review

PLB continues to consolidate its position as one of the largest independent wine and beer importers and distributors in the United Kingdom. Despite difficult market conditions, the board are pleased to report an improved profit before tax, which is up from £474,000 to £648,000 for the financial year ended 31st August 2014.

The company continues to meet the challenges of the current market. The decline in turnover from £125m (2013) to £121m (2014) is a direct result of the overall reduction in UK wine consumption and lower promotional volumes in the major retailers due to recent OFT guidelines. The reduction in turnover has been offset by an improved gross profit as the company focuses on driving efficiencies in its cost base and supply chain. Gross profit has improved from £8m (2013) to £8.6m (2014) through a combination of tighter control of costs, lower volumes sold on promotion and improving the mix/range of wines and beers sold to our major customers. The company also has made significant strides in expanding distribution into other channels where it has not achieved success in the past. The multiple on trade sector is an area where the company has achieved notable recent success with several new listings with a major chain of bars and restaurants.

Overheads remain under control and in line with business objectives. The business has maintained a structure that is in line with its strategic objectives of growth in specific sales channels and has over the year invested in business development. As a result administrative expenses have increased by £346,000 in the year. The company is now starting to see the success of specific new product development with listings in major retailers. The board have in recent months reduced administrative expenses to ensure that the company remains efficient and lean to meet the challenges of the market. The company have taken measures to reduce administrative expenses in the next financial year and have provided £146,000 for restructuring costs, initiated prior to 31 August 2014.

The growth of wines packed in the U.K is an area of expertise for the company and the company continues to expand this area of the business with its U.K packing partners. This is an area of growth in the market and the company is well positioned to take advantage of this growth.

Control of working capital is a major focus for the company. Overall stock levels and debtors days have reduced. The decline in net debt of £3 million is largely due to the reduction in volume of wine sold on big promotional discounts and the resulting lower amount of creditors required to support these promotions.

The board are determined to ensure the long term sustainability of the business and are looking at options that will continue to grow sales in distribution channels where growth is important for our supplier partners. The business maintains an absolute focus on meeting the needs of its customers through improving efficiencies and ensuring that the service provided is excellent. The board are pleased with the financial performance in a difficult market, which has enabled the business to strengthen the balance sheet and the business is in a good position to meet the challenges of the market.

Principal risks and uncertainties

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to foreign currency, 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.

The company is exposed to both translation and transaction foreign exchange risk. In relation to translation risk, the risk is managed through the use of foreign currency bank accounts. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts where the aim is to achieve an economic hedge of its foreign exchange 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.

The company finances its operations through a mixture of retained profits and also by an invoice discounting arrangement with its bank. During the year the company took out a commercial mortgage to fund the purchase of its freehold premises. The company's exposure to interest rate fluctuations on any borrowings is monitored by the directors on a regular basis.

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.

Key Performance Indicators

A number of Key Performance Indicators (KPI's) are used by the Company in managing and monitoring business performance. Financial KPI's include turnover and margins and overall profitability.

Turnover for the period was £120,653(2013: £125,014). The gross margin was 7.1% (2013: 6.4%)

BY ORDER OF THE BOARD



S K Fredericks
Secretary
27th October 2014

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2014.

Directors

The directors during the year were as follows:

S K Fredericks
J M Fredericks
J Fredericks
J C M Newton
S J Walder (resigned 31 August 2014)
P Darbyshire
J Osborne
J Burston (resigned 6 October 2014)
R Waters
M E Allen

During the year, J M Fredericks held an interest in 30,000 £1 ordinary shares (2013: 30,000) and 100,000 £1 participating preference shares (2013: 100,000) of the company. J M Fredericks and J Fredericks were interested as trustees in a further 70,000 £1 ordinary shares (2013: 70,000) of the company.

The company made a net profit of £460,000 (2013: £345,000) and paid a dividend of £40,000 (2013: £175,000). A further dividend payable to the ordinary shareholders was declared by the Board of £110,000 subsequent to the year end. All dividends accrued on the preference shares have been waived by J M Fredericks.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable 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 auditors 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 auditors are 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.

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
27th October 2014

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 2014 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 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/auditscopeukprivate.

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 2014 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 Strategic Report and 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

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
27th October 2014

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 prepared cash flow forecasts and have banking facilities which the company expects to be renewed in the coming year. The directors, therefore, 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, which is when the goods have been dispatched.

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 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
Short leasehold improvements	-	20% straight line per annum
Fixtures & fittings	-	15%-25% straight line per annum
Motor vehicles	-	20% straight line per annum

Freehold land is not depreciated

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 when 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 denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date, except where the transaction is to be settled using a contracted rate, in which case that rate is used.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction, except where there are related or matching forward contracts, in which case the rate in that contract is used.

Exchange gains and losses are recognised in the Profit and loss account.

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 cash flow statement in accordance with Financial Reporting Standard 1 (revised) 'Cash Flow Statements'.

Profit and loss account

	Note	2014 £000s	2013 £000s
Turnover	1	120,653	125,014
Cost of sales		(112,049)	(117,031)
Gross profit		8,604	7,983
Administrative expenses		(7,824)	(7,477)
Operating profit	2	780	506
Amounts written off investment	10	(64)	-
Interest receivable		1	4
Interest payable and similar charges	5	(69)	(36)
Profit on ordinary activities before taxation		648	474
Tax on profit on ordinary activities	6	(188)	(129)
Profit for the financial year	22	460	345

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	2014 £000	2013 £000
Fixed assets			
Intangible assets	8	-	5
Tangible assets	9	1,016	352
Investments	10	27	91
		<u>1,043</u>	<u>448</u>
Current assets			
Stocks	11	11,874	14,387
Debtors	12	22,150	28,070
Cash at bank and in hand		798	3,737
		<u>34,822</u>	<u>46,194</u>
Creditors: amounts falling due within one year	13	<u>(30,645)</u>	<u>(42,256)</u>
Net current assets		<u>4,177</u>	<u>3,938</u>
Total assets less current liabilities		<u>5,220</u>	<u>4,386</u>
Creditors: amounts falling due after more than one year	14	<u>(526)</u>	<u>(100)</u>
		<u>4,694</u>	<u>4,286</u>
Provision for liabilities			
Deferred taxation	16	-	(12)
		<u>4,694</u>	<u>4,274</u>
Capital and reserves			
Called-up equity share capital	21	100	100
Profit and loss account	22	4,594	4,174
		<u>4,694</u>	<u>4,274</u>
Shareholders' funds	23	<u>4,694</u>	<u>4,274</u>

These financial statements were approved by the directors on 27th October 2014 and are signed on their behalf by:



R Waters
Director



S K Fredericks
Director

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

Cash flow statement

	Note	2014 £000	2013 £000
Net cash (outflow)/ inflow from operating activities		(4,101)	3,804
Returns on investments and servicing of finance			
Interest received		1	4
Interest paid		(69)	(36)
Net cash outflow from returns on investments and servicing of finance		(68)	(32)
Tax paid		(124)	(164)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(769)	(108)
Receipts from sale of fixed assets		1	-
Net cash outflow from capital expenditure and financial investment		(768)	(108)
Equity dividends paid		(40)	(175)
Net cash (outflow)/ inflow before financing		(5,101)	3,325
Financing			
Inflow/(Repayment) of invoice discounting liabilities		1,628	(227)
Bank loan		534	-
Net cash inflow/(outflow) from financing		2,162	(227)
(Decrease)/increase in cash	24	(2,939)	3,098

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	780	506
Amortisation	5	5
Depreciation	105	100
Profit on disposal of fixed assets	(1)	-
Decrease in stocks	2,513	126
Decrease in debtors	5,945	11,130
Decrease in creditors	(13,448)	(8,063)
Net cash (outflow)/ inflow from operating activities	(4,101)	3,804

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:

	2014 £000	2013 £000
Amortisation	5	5
Depreciation of owned fixed assets	105	100
Profit on disposal of fixed assets	1	-
Auditor's remuneration	31	23
Non-audit fees	12	14
Operating lease costs:		
Plant and equipment	29	40
Land and buildings	64	72
	<u>64</u>	<u>72</u>

3 Directors and employees

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

	2014 No	2013 No
Selling and distribution	28	29
Office and management	64	61
	<u>92</u>	<u>90</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £000
Wages and salaries	4,450	4,161
Social security costs	466	505
Other pension costs	347	255
	<u>5,263</u>	<u>4,921</u>

4 Directors

Remuneration in respect of directors was as follows:

	2014	2013
	£000	£000
Emoluments receivable	1,078	1,072
Value of company pension contributions to money purchase schemes	98	127
Compensation paid to director for loss of office	20	-
	<u>1,196</u>	<u>1,199</u>

Emoluments of highest paid director:

	2014	2013
	£	£
Total emoluments	<u>265</u>	<u>262</u>

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

	2014	2013
	No	No
Money purchase schemes	<u>7</u>	<u>8</u>

5 Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank and other borrowings.	<u>69</u>	<u>36</u>

6 Taxation on profit on ordinary activities

Analysis of charge in the year

	2014 £000	2013 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 22.16% (2013: 24.0%).	207	106
Under provision in prior year	18	-
Total current tax	225	106
Deferred tax:		
Origination and reversal of timing differences	(37)	23
Tax on profit on ordinary activities	188	129

(b) Factors affecting current tax charge

	2014 £000	2013 £000
Profit on ordinary activities before taxation	648	474
Tax on profit on ordinary activities at 22.16% (2013: 24.0%)	144	111
Effects of:		
Fixed asset difference	3	2
Expenses not deductible for tax purposes	43	21
Adjustment to brought forward values	-	6
Depreciation in excess of capital allowances	11	(11)
Other timing differences	9	(15)
Adjustments to tax charge in respect of previous periods	18	-
Marginal tax relief	(3)	(8)
Total current tax (note 6(a))	225	106

7 Dividends

Dividends on share classed as equity

	2014 £000	2013 £000
Paid during the year		
Equity dividends on ordinary shares	40	175

8 Intangible fixed assets

	Intellectual property £000
Cost	
At 1 September 2013 and at 31 August 2013	125
Amortisation	
At 1 September 2013	120
Charge for the year	5
At 31 August 2014	125
Net book amount	
At 31 August 2014	-
At 31 August 2013	5

9 Tangible fixed assets

	Freehold property £000	Short Leasehold Improvements £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2013	133	195	1,040	161	1,529
Additions	757	-	12	-	769
Disposal	-	-	-	(14)	(14)
At 31 August 2014	890	195	1,052	147	2,284
Depreciation					
At 1 September 2013	35	107	887	148	1,177
Charge for the year	4	33	62	6	105
Disposal	-	-	-	(14)	(14)
At 31 August 2014	39	140	949	140	1,268
Net book amount					
At 31 August 2014	851	55	103	7	1,016
At 31 August 2013	98	88	153	13	352

10 Investments

Fixed asset investments

	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
At 1 September 2013	-	91	91
Amounts written off	-	(64)	(64)
Net Book Value as at 31 August 2014	-	27	27

Subsidiaries

At 31 August 2014 and 31 August 2013 the company held 100% of the ordinary share capital of the following undertakings.

Aggregate capital and reserves

	2014 £	2013 £
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 (2013: £19,156);
- A share in Valderrama SA, a golf club registered in Spain, at cost of £7,914 (2013: £72,392).

11 Stocks

	2014 £000	2013 £000
Finished goods	8,839	12,408
Stock in transit	3,035	1,979
	<u>11,874</u>	<u>14,387</u>

12 Debtors

	2014 £000	2013 £000
Trade debtors	21,280	26,978
Other debtors	134	39
Prepayments and accrued income	51	226
VAT recoverable	685	827
	<u>22,150</u>	<u>28,070</u>

Within other debtors is £25,000 deferred tax which is due after one year. (See note 16)

13 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank loans and overdrafts (note 15)	108	-
Trade creditors	17,834	28,245
Corporation tax	207	106
Other taxation and social security	186	148
Other creditors	3,097	1,413
Accruals and deferred income	9,213	12,344
	<u>30,645</u>	<u>42,256</u>

Within other creditors is £1,628,000 (2013: Nil) in respect of discounted invoices which are 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

	2014 £000	2013 £000
Shares classified as financial liabilities (Note 21)	100	100
Bank loan (note 15)	426	-
	<u>526</u>	<u>100</u>

15 Borrowings

	2014 £000	2013 £000
Borrowings are repayable as follows:		
One year or less		
Bank Loan	107	-
In more than one year but not more than two years:		
Bank Loan	107	-
In more than two years but not more than five years:		
Bank Loan	320	-
	<u>534</u>	<u>-</u>

The floating interest rates on bank borrowings are based on LIBOR plus 2.25%. The bank borrowings are secured by a fixed charge on one of the freehold properties of the Company.

16 Deferred taxation (asset)/liability

The deferred tax included in the balance sheet is as follows:

	2014	2013
	£	£
Balance brought forward	12	(11)
(Credit)/charge for the year	(37)	23
Balance carried forward	<u>(25)</u>	<u>12</u>

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

	2014	2013
	£000	£000
Difference between taxation allowances and depreciation on fixed assets	23	34
Other timing differences	(48)	(22)
	<u>(25)</u>	<u>12</u>

17 Leasing commitments

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	-	14	-	2
Within 2-5	-	18	-	29
Beyond 5 years	<u>12</u>	<u>-</u>	<u>72</u>	<u>-</u>
	<u>12</u>	<u>32</u>	<u>72</u>	<u>31</u>

18 Contingent liabilities

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

HM Revenue and Customs

	2014	2013
	£000	£000
General Removal Bond and Duty Deferment	<u>1,410</u>	<u>1,410</u>

There were no other contingent liabilities at 31 August 2014 or 31 August 2013.

19 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 £52,258 (2013: £60,000). During the year the company purchased its freehold property from the Private Liquor Brands Directors Retirement Benefit Scheme for a cost, including expenses of £757,000.

The freehold of a property used to accommodate staff visiting PLB Group head office is owned by the Chairman, J M Fredericks. Rental payments for the year amounted to £12,000 (2013: £12,000)

20 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.

21 Share capital

Authorised share capital:

	2014	2013
	£000	£000
200,000 Ordinary shares of £1 each	200	200
100,000 Participating Preference shares of £1 each	100	100
	<u>300</u>	<u>300</u>

Allotted and called up:

	2014		2013	
	No(000)	£000	No(000)	£000
Shares classified as equity				
Ordinary shares of £1 each	100	100	100	100
Shares classified as financial liabilities				
Participating Preference shares of £1 each	100	100	100	100
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</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.

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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. No preference dividend has been paid since 2005 and no dividend is anticipated to be paid in the foreseeable future. On this basis the directors have continued to disclose the preference shares as a financial liability at their nominal value of £100,000.

22 Reserves

	2014
	£000
Balance brought forward	4,174
Profit for the financial year	460
Dividend	(40)
	<hr/>
Balance carried forward	4,594
	<hr/>

23 Reconciliation of movements in shareholders' funds

	2014	2013
	£000	£000
Profit for the financial year	460	345
Equity dividends	(40)	(175)
	<hr/>	<hr/>
Net increase to shareholders' funds	420	170
Opening shareholders' funds	4,274	4,104
	<hr/>	<hr/>
Closing shareholders' funds	4,694	4,274
	<hr/>	<hr/>

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

	2014	2013
	£000	£000
(Decrease)/increase in cash in the period	(2,939)	3,098
New bank loan	(534)	-
Change in amounts due in respect of discounted invoices	(1,628)	227
	<hr/>	<hr/>
Change in net funds/(debt)	(5,101)	3,325
Net funds brought forward	3,737	412
	<hr/>	<hr/>
Net (debt)/funds carried forward	(1,364)	3,737
	<hr/>	<hr/>

25 Analysis of changes in net funds/(debts)

	At 31 Aug 2013 £000	Cash flows £000	At 31 Aug 2014 £000
Net cash:			
Cash at bank and in hand	3,737	(2,939)	798
	<hr/> 3,737	<hr/> (2,939)	<hr/> 798
Amounts due in respect of discounted invoices	-	(1,628)	(1,628)
Bank loans	-	(534)	(534)
	<hr/> 3,737	<hr/> (5,101)	<hr/> (1,364)
Net (debt)/funds			

26 Capital commitments

There were no capital commitments at 31 August 2014 or 31 August 2013.

27 Foreign Exchange Contracts

As at 31st August 2014 there were foreign currency contracts outstanding totalling £9,662,268 (2013 £1,895,500) were in place. As at that date the loss was £116,850 (2013 £160,615).