

Liberty Wines Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended
31 March 2011



Company Registration No 3293563

Liberty Wines Limited

DIRECTORS' REPORT

DIRECTORS

D Gleave
HL Hess
MS Hill-Smith
RJ Ratchiffe
NV Abraham
GP Wyatt
L Flynn

SECRETARY

L Flynn

REGISTERED OFFICE

Unit D18-23
New Covent Garden Food Market
London SW8 5LL

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Liberty Wines Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Liberty Wines Limited for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of premium wine sourcing and distribution

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Overview

The result of the group are set out on page 6. Turnover grew by 14.1% to £34.26m and once again operating profits grew substantially to £1.29m. This represents a record result for the group and is a reflection of the quality of our wines, the service we offer and the calibre of our employees. We expect turnover and operating profits to continue to grow.

Principal risks and uncertainties

Foreign exchange – A large part of the group's trading is denominated in foreign currencies which exposes the group to adverse movements in foreign exchange. To mitigate this risk the group enters into forward exchange contracts, the scope of which are set out in note 23.

Competition – The group operates in a very competitive marketplace where growth is dependent on attracting new customers as well as maintaining excellent relationships with existing customers. The group believes that it is well positioned to grow with its focus on industry leading levels of customer service and by having wines that offer the best value across the price spectrum, backed up by exceptional employees throughout the group.

Economy – The economic environment remains challenging but the directors believe that the company is well placed to thrive in these difficult circumstances. The group has a strong balance sheet, well managed overheads and improving margins.

Key performance indicators

The directors monitor key performance indicators of the group on an ongoing basis with particular emphasis on turnover, margins, customer service and working capital management.

RESULTS AND DIVIDENDS

The group made a profit for the year before taxation of £1,162,279 (2010: £338,239).

An interim dividend of 14.29p per ordinary share (2010: 14.29p) was paid on 1 April 2010. The directors do not recommend the payment of a final dividend (2010: none).

DIRECTORS

The following directors have held office since 1 April 2010:

D Gleave
HL Hess
MS Hill-Smith
RJ Ratcliffe
NV Abraham
GP Wyatt
L Flynn (appointed 23 February 2011)

Liberty Wines Limited

DIRECTORS' REPORT

CHARITABLE DONATIONS

During the year the group made charitable contributions of £7,871 (2010: £6,720)

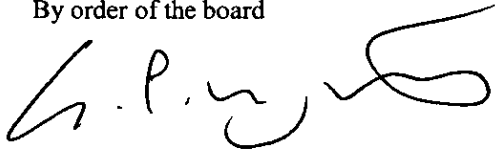
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in the office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue as auditor of the company.

By order of the board



GP Wyatt
Director

20 September 2011

Liberty Wines Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY WINES LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 23. 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 more fully explained in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2011 and of the group's 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.

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 parent company 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.



PAUL NEWMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

20 September 2011

Liberty Wines Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

| | <i>Notes</i> | 2011 £ | 2010 £ |
|---|--------------|--------------|--------------|
| TURNOVER | 1 | 34,256,300 | 30,028,333 |
| Cost of sales | | (28,467,640) | (25,157,294) |
| GROSS PROFIT | | 5,788,660 | 4,871,039 |
| Selling and distribution costs | | (2,135,267) | (1,884,882) |
| Administrative expenses | | (2,359,386) | (2,506,357) |
| OPERATING PROFIT | | 1,294,007 | 479,800 |
| Interest receivable | | 15,167 | 19,879 |
| Interest payable | 2 | (146,895) | (161,440) |
| PROFIT FOR THE YEAR | | | |
| | 3 | 1,162,279 | 338,239 |
| Taxation | 5 | (364,130) | (232,526) |
| PROFIT FOR THE YEAR | | 798,149 | 105,713 |
| | | | |
| Attributable to | | 2011 £ | 2010 £ |
| Equity shareholders of the parent company | 18 | 798,149 | 166,551 |
| Minority interests | | - | (60,838) |
| | | 798,149 | 105,713 |

The operating profit for the year arises from the group's continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2011

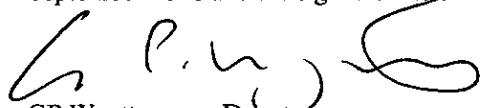
| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Profit for the financial year | 798,149 | 105,713 |
| Currency translation losses on foreign currency net investments | (24,942) | (19,090) |
| Total recognised gains and losses since last annual report | 773,207 | 86,623 |

Liberty Wines Limited
CONSOLIDATED BALANCE SHEET
31 March 2011

Company Registration No. 3293563

| | <i>Notes</i> | 2011 £ | 2010 £ |
|--|--------------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Intangible assets | 7 | 98,223 | 53,847 |
| Tangible assets | 8 | 141,490 | 187,205 |
| Investments | 9 | 19,887 | 45,442 |
| | | <u>259,600</u> | <u>286,494</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 5,506,711 | 5,485,646 |
| Debtors | 11 | 7,890,104 | 7,520,623 |
| Cash at bank and in hand | | 670,239 | 718,885 |
| | | <u>14,067,054</u> | <u>13,725,154</u> |
| CREDITORS Amounts falling due within one year | 12 | (9,390,117) | (9,818,318) |
| NET CURRENT ASSETS | | <u>4,676,937</u> | <u>3,906,836</u> |
| NET ASSETS | | <u>4,936,537</u> | <u>4,193,330</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 210,000 | 210,000 |
| Share premium account | 15 | 59,000 | 59,000 |
| Capital redemption reserve | 16 | 21,000 | 21,000 |
| Profit and loss account | 17 | 4,646,537 | 3,903,330 |
| | | <u>4,936,537</u> | <u>4,193,330</u> |
| Minority interests | | - | - |
| SHAREHOLDERS' FUNDS | 18 | <u>4,936,537</u> | <u>4,193,330</u> |

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on 20 September 2011 and are signed on its behalf by

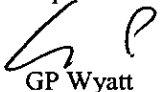
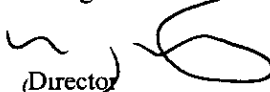

GP Wyatt Director

Liberty Wines Limited
COMPANY BALANCE SHEET
31 March 2011

Company Registration No. 3293563

| | <i>Notes</i> | 2011 £ | 2010 £ |
|--|--------------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 134,338 | 159,225 |
| Investments | 9 | 452,065 | 461,441 |
| | | <u>586,403</u> | <u>620,666</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 3,450,899 | 3,470,946 |
| Debtors due within one year | 11 | 6,892,296 | 5,823,895 |
| Debtors due after more than one year | 11 | 873,000 | 940,000 |
| Cash at bank and in hand | | 536,108 | 557,416 |
| | | <u>11,752,303</u> | <u>10,792,257</u> |
| CREDITORS Amounts falling due within one year | 12 | (7,151,336) | (6,959,770) |
| NET CURRENT ASSETS | | <u>4,600,967</u> | <u>3,832,487</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>5,187,370</u> | <u>4,453,153</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 210,000 | 210,000 |
| Share premium account | 15 | 59,000 | 59,000 |
| Capital redemption reserve | 16 | 21,000 | 21,000 |
| Profit and loss account | 17 | 4,897,370 | 4,163,153 |
| SHAREHOLDERS' FUNDS | 18 | <u>5,187,370</u> | <u>4,453,153</u> |

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on 20 September 2011 and signed on its behalf by

 GP Wyatt
 Director

Liberty Wines Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011

| | <i>Notes</i> | 2011 £ | 2010 £ |
|--|--------------|----------------|----------------|
| Cash flow from operating activities | 19a | 1,065,389 | 670,921 |
| Returns on investments and servicing of finance | 19b | (131,728) | (141,561) |
| Taxation paid | | (438,925) | (49,409) |
| Capital expenditure and financial investment | 19b | (7,697) | (97,528) |
| Dividends paid | 17 | (30,000) | (30,000) |
| Acquisitions and disposals | 19b | 15,795 | (88,268) |
| INCREASE IN CASH BEFORE FINANCING | | 472,834 | 264,155 |
| Financing | 19b | (38,626) | - |
| INCREASE IN CASH FOR THE YEAR | 19c | 434,208 | 264,155 |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT | | | |
| | | 2011 £ | 2010 £ |
| Increase in cash in the year | | 434,208 | 264,155 |
| Cashflow from increase in debt and lease financing | | 38,626 | - |
| Other non cash changes | | (67,238) | - |
| Exchange differences | | (25,225) | (178,032) |
| MOVEMENT IN NET CASH IN THE YEAR | | 380,371 | 86,123 |
| NET DEBT AT 1 APRIL 2010 | | (1,005,252) | (1,091,375) |
| NET DEBT AT 31 MARCH 2011 | 19c | (624,881) | (1,005,252) |

Liberty Wines Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The group's business activities together with the factors likely to affect its future development, performance and position are set out in the directors' report

The Board have prepared and considered trading forecasts and cash flow requirements for the company for a period of 12 months from the date of approval of these financial statements which show that the company is able to operate within the level of its current overdraft facility and support the funding requirements of the group as and when required. The company will open renewal negotiations with its bankers next year and has not sought any written commitment at this stage that the facility will be renewed. However, the company has received no indication to suggest that renewal will not be forthcoming on acceptable terms

The Board is therefore satisfied that the group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. Accordingly the directors continue to adopt the going concern basis for the preparation of these financial statements

BASIS OF CONSOLIDATION

The financial statements incorporate the financial statements of the company and all its subsidiaries made up to 31 March 2011 which have been consolidated using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off over 20 years as, in the opinion of the directors, this represents the period over which the goodwill is effective

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Participating interests are stated at cost in the company balance sheet

Provision is made for any impairment in the value of fixed asset investments

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

| | |
|----------------------------------|-------------------------|
| Leasehold improvements | Unexpired lease term |
| Plant and machinery | 12.5% straight line |
| Fixtures, fittings and equipment | 25% - 33% straight line |
| Motor vehicles | 25% straight line |

STOCKS

Stocks are valued at the lower of cost and net realisable value after making provision for obsolete and slow moving items. Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition

Liberty Wines Limited

ACCOUNTING POLICIES

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSION CONTRIBUTIONS

The group makes payments into the personal pension plans of certain senior employees. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold to customers and is recognised on delivery when title has passed.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

SHARE-BASED PAYMENTS

The directors have considered the requirements of FRS20 *Share-based payment* which requires the fair value of options granted to be expensed on a straight line basis over the vesting period.

The fair value of options granted is not material to either the company's financial position or its result and as such, no adjustment has been made in these financial statements.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering in a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 TURNOVER

The group's turnover was all derived from its principal activity Sales were made in the following geographical markets

| | 2011 £ | 2010 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 28,768,149 | 24,011,669 |
| Rest of the World | 5,488,151 | 6,016,664 |
| | <u>34,256,300</u> | <u>30,028,333</u> |

2 INTEREST PAYABLE

| | 2011 £ | 2010 £ |
|--------------------|----------------|----------------|
| On bank overdrafts | 138,455 | 131,652 |
| Other loans | 8,440 | 29,788 |
| | <u>146,895</u> | <u>161,440</u> |

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2011 £ | 2010 £ |
|--|-----------|-----------|
| Profit on ordinary activities before taxation is stated after charging/(crediting) | | |
| Depreciation and amounts written off fixed assets | | |
| Owned | 84,633 | 95,178 |
| Held under finance leases | 18,885 | - |
| Loss on disposal of tangible fixed assets | 17,149 | - |
| Loss on disposal of investment | 9,101 | 4,170 |
| Goodwill amortisation | 5,298 | 3,315 |
| Operating lease rentals | | |
| Land and buildings | 87,723 | 82,980 |
| Auditor's remuneration | | |
| Audit services | | |
| - Statutory audit of parent and consolidated financial statements | 21,000 | 21,000 |
| Other services | | |
| - Statutory audit of financial statements of subsidiaries of the company pursuant to legislation | 8,989 | 10,192 |
| - Other services relating to taxation | 7,100 | 7,100 |
| - Other services relating to consultancy | 8,117 | - |
| | <u></u> | <u></u> |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| | | | |
|---|--|------------------|------------------|
| 4 | EMPLOYEES | 2011 No | 2010 No |
| | The average monthly number of persons (including directors) employed by the company during the year was | | |
| | Administration | 51 | 45 |
| | Sales and distribution | 23 | 23 |
| | | <u>74</u> | <u>68</u> |
| | Staff costs for above persons | | |
| | Wages and salaries | 2,724,945 | 2,384,037 |
| | Social security costs | 293,549 | 261,739 |
| | Other pension costs | 76,134 | 79,057 |
| | | <u>3,094,628</u> | <u>2,724,833</u> |
| | | 2011 £ | 2010 £ |
| | DIRECTORS' REMUNERATION | | |
| | Aggregate emoluments (including benefits in kind) | 310,215 | 304,676 |
| | Amounts paid to personal pension plans | 11,900 | 11,800 |
| | | <u>322,115</u> | <u>316,476</u> |
| | Directors' emoluments disclosed above include the following payments in respect of the highest paid director | | |
| | | 2011 £ | 2010 £ |
| | Emoluments | 138,736 | 136,916 |
| | Money purchase pension contributions | 6,300 | 6,300 |
| | | <u>145,036</u> | <u>143,216</u> |
| | | No | No |
| | The number of directors to whom retirement benefits are accruing under money purchase pension schemes was | 3 | 2 |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| | | | |
|---|--|-----------|-----------|
| 5 | TAXATION | 2011 £ | 2010 £ |
| | Current tax | | |
| | UK corporation tax on profits of the year | 357,137 | 221,040 |
| | Adjustment in respect of prior year | (281) | (520) |
| | Overseas tax | - | 10,248 |
| | Total current tax | 356,856 | 230,768 |
| | Deferred taxation | | |
| | Origination and reversal of timing differences | 7,274 | 1,758 |
| | Total deferred tax | 7,274 | 1,758 |
| | Tax on profit on ordinary activities | 364,130 | 232,526 |
| | Factors affecting tax charge for the year | 2011 £ | 2010 £ |
| | The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below | | |
| | Profit on ordinary activities before tax | 1,162,279 | 338,239 |
| | Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010: 28%) | 325,438 | 94,707 |
| | Effects of | | |
| | Expenses not deductible for tax purposes | 32,361 | 41,128 |
| | Capital allowances in excess of depreciation | (5,241) | (524) |
| | Tax losses not utilised | 23,482 | 92,045 |
| | Benefit of small companies starting rate | (516) | (2,152) |
| | Differences in overseas tax rates | (17,424) | 6,289 |
| | Other timing differences | (963) | (205) |
| | Adjustment in respect of prior year | (281) | (520) |
| | | 356,856 | 230,768 |

6 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £764,217 (2010: £500,960 (see note 17))

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| | | | | | | |
|---|-------------------------|-------------------------------------|-----------------------------|---|------------------------|---------------|
| 7 | INTANGIBLE FIXED ASSETS | | | | | Goodwill £ |
| | GROUP | | | | | |
| | Cost | | | | | |
| | 1 April 2010 | | | | | 66,297 |
| | Additions (see note 9) | | | | | 49,674 |
| | 31 March 2011 | | | | | 115,971 |
| | Amortisation | | | | | |
| | 1 April 2010 | | | | | 12,450 |
| | Charge for the year | | | | | 5,298 |
| | 31 March 2011 | | | | | 17,748 |
| | Net book value | | | | | |
| | 31 March 2011 | | | | | 98,223 |
| | 31 March 2010 | | | | | 53,847 |
| 8 | TANGIBLE FIXED ASSETS | Leasehold improve- ments £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
| | GROUP | | | | | |
| | Cost | | | | | |
| | 1 April 2010 | 164,865 | 47,291 | 456,737 | 81,630 | 750,523 |
| | Exchange differences | - | 185 | 95 | - | 280 |
| | Additions | 33,528 | 924 | 40,483 | - | 74,935 |
| | Disposals | - | (24,561) | (139,988) | (34,507) | (199,056) |
| | 31 March 2011 | 198,393 | 23,839 | 357,327 | 47,123 | 626,682 |
| | Depreciation | | | | | |
| | 1 April 2010 | 134,742 | 19,745 | 352,297 | 56,534 | 563,318 |
| | Exchange differences | - | 170 | 93 | - | 263 |
| | Charged for the year | 38,520 | 4,184 | 49,033 | 11,781 | 103,518 |
| | On disposals | - | (7,412) | (139,988) | (34,507) | (181,907) |
| | 31 March 2011 | 173,262 | 16,687 | 261,435 | 33,808 | 485,192 |
| | Net book value | | | | | |
| | 31 March 2011 | 25,131 | 7,152 | 95,892 | 13,315 | 141,490 |
| | 31 March 2010 | 30,123 | 27,546 | 104,440 | 25,096 | 187,205 |

The net book value of fixtures, fittings and equipment includes £38,340 (2010 - £57,225) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £18,885 (2010 - £Nil).

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

8 TANGIBLE FIXED ASSETS *(continued)*

| COMPANY | Leasehold improve- ments £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|----------------------|-------------------------------------|---|------------------------|------------|
| 1 April 2010 | 164,865 | 455,279 | 81,630 | 701,774 |
| Additions | 33,528 | 40,483 | - | 74,011 |
| Disposals | - | (139,988) | (34,507) | (174,495) |
| 31 March 2011 | 198,393 | 355,774 | 47,123 | 601,290 |
| Depreciation | | | | |
| 1 April 2010 | 134,742 | 351,273 | 56,534 | 542,549 |
| Charged for the year | 38,520 | 48,597 | 11,781 | 98,898 |
| On disposal | - | (139,988) | (34,507) | (174,495) |
| 31 March 2011 | 173,262 | 259,882 | 33,808 | 466,952 |
| Net book value | | | | |
| 31 March 2011 | 25,131 | 95,892 | 13,315 | 134,338 |
| 31 March 2010 | 30,123 | 104,006 | 25,096 | 159,225 |

The net book value of fixtures, fittings and equipment includes £38,340 (2010 - £57,225) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £18,885 (2010 - £Nil).

9 FIXED ASSET INVESTMENTS

| GROUP | Shares in subsidiary undertakings £ | Other participating interests £ | Total £ |
|--------------------------|--|--|------------|
| Cost and net book value | | | |
| 1 April 2010 | 15,772 | 29,670 | 45,442 |
| Disposals | (9,102) | (9,783) | (18,885) |
| Consolidation adjustment | (6,670) | - | (6,670) |
| 31 March 2011 | - | 19,887 | 19,887 |
| COMPANY | Shares in subsidiary undertakings £ | Other participating interests £ | Total £ |
| Cost and net book value | | | |
| 1 April 2010 | 431,771 | 29,670 | 461,441 |
| Additions | 8,491 | - | 8,491 |
| Disposals | (8,084) | (9,783) | (17,867) |
| 31 March 2011 | 432,178 | 19,887 | 452,065 |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

9 FIXED ASSET INVESTMENTS (continued)

On 31 December 2010 the Hyperion Wines Limited transferred its investment in Hyperion Italia SRL to the company. At the same time Hyperion Italia SRL was renamed Alpha Zeta SRL.

The group consolidated the results of Alpha Zeta SRL for the first time this year. The investment in Alpha Zeta SRL has been eliminated through consolidation and the reserves brought forward treated as goodwill on acquisition.

The company holds more than 20% of the equity of the following non-dormant undertakings -

| Subsidiary undertakings | Country of registration or incorporation | Class of Holding | Proportion held | Nature of business |
|-------------------------------|--|------------------|-----------------|--------------------|
| Directly held | | | | |
| Hyperion Wines Limited | England and Wales | Ordinary | 100% | Wine distribution |
| Willunga Hundred Pty Limited | Australia | Ordinary | 75% | Wine production |
| Liberty Wines Ireland Limited | Republic of Ireland | Ordinary | 100% | Wine distribution |
| Tinpot Hut Wines Limited | New Zealand | Ordinary | 50% | Wine production |
| Terre Dei Templari SRL | Italy | Ordinary | 70% | Wine Production |
| Alpha Zeta SRL | Italy | Ordinary | 100% | Wine distribution |

| | | | |
|----|---------|-----------|-----------|
| 10 | STOCKS | 2011 £ | 2010 £ |
| | GROUP | | |
| | Wine | 5,506,711 | 5,485,646 |
| | COMPANY | | |
| | Wine | 3,450,899 | 3,470,946 |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| 11 | DEBTORS | 2011 £ | 2010 £ |
|----|-------------------------------------|------------------|------------------|
| | GROUP | | |
| | Due within one year | | |
| | Trade debtors | 7,503,708 | 6,850,753 |
| | Amounts due from group undertakings | - | 279,916 |
| | Corporation tax | 5,138 | 50 |
| | Taxation and social security | 26,655 | 236,436 |
| | Other debtors | 186,083 | 130,652 |
| | Prepayments and accrued income | 168,520 | 22,816 |
| | | <u>7,890,104</u> | <u>7,520,623</u> |
| | COMPANY | | |
| | Due within one year | | |
| | Trade debtors | 5,806,151 | 5,035,514 |
| | Amounts due from group undertakings | 781,165 | 563,704 |
| | Other debtors | 172,455 | 115,465 |
| | Prepayments and accrued income | 132,525 | 109,212 |
| | | <u>6,892,296</u> | <u>5,823,895</u> |
| | Due after more than one year | | |
| | Amounts due from group undertakings | 873,000 | 940,000 |
| | | <u>7,765,296</u> | <u>6,763,895</u> |

Included within other debtors is £10,095 (2010 £17,369) in respect of deferred tax (see note 13)

| 12 | CREDITORS Amounts falling due within one year | 2011 £ | 2010 £ |
|----|---|------------------|------------------|
| | GROUP | | |
| | Bank overdrafts | 1,266,508 | 1,724,137 |
| | Obligations under finance leases | 28,612 | 50,071 |
| | Trade creditors | 6,034,135 | 5,762,566 |
| | Amounts due to group undertakings | - | 60,841 |
| | Corporation tax | 133,467 | 215,534 |
| | Other taxation and social security | 1,060,964 | 1,140,173 |
| | Other creditors | 165,291 | 301,769 |
| | Accruals and deferred income | 701,140 | 613,298 |
| | | <u>9,390,117</u> | <u>9,818,318</u> |
| | COMPANY | | |
| | Obligations under finance leases | 28,612 | 50,071 |
| | Trade creditors | 4,566,108 | 4,647,155 |
| | Amounts due to group undertakings | 684,620 | 413,778 |
| | Corporation tax | 129,512 | 205,844 |
| | Other taxation and social security | 987,393 | 1,108,041 |
| | Other creditors | 164,028 | 161,644 |
| | Accruals and deferred income | 591,063 | 423,308 |
| | | <u>7,151,336</u> | <u>6,959,770</u> |

Bank overdrafts are secured by a fixed and floating charge over the group's assets Obligations under finance leases are secured over the related assets

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| | | | |
|----|--|---------------|---------------|
| 13 | DEFERRED TAXATION | 2011 £ | 2010 £ |
| | GROUP AND COMPANY | | |
| | Deferred tax assets comprise the following | | |
| | Accelerated capital allowances | 1,169 | 6,433 |
| | Other timing differences | 8,926 | 10,936 |
| | | <u>10,095</u> | <u>17,369</u> |
| | 1 April 2010 | 17,369 | 19,127 |
| | Profit and loss account | (7,274) | (1,758) |
| | 31 March 2011 | <u>10,095</u> | <u>17,369</u> |

| | | | |
|----|------------------------------------|-----------|-----------|
| 14 | SHARE CAPITAL | 2011 £ | 2010 £ |
| | Authorised | | |
| | 250,000 ordinary shares of £1 each | 250,000 | 250,000 |
| | Allotted, issued and fully paid | | |
| | 210,000 ordinary shares of £1 each | 210,000 | 210,000 |

The directors have authority to grant up to 40,000 options over the shares of the company

The company has granted options to subscribe for ordinary shares of £1 each as follows

| Grant date | Exercise price per share | Period within which options are exercisable | Number of shares for which rights are exercisable |
|------------------|-----------------------------|---|---|
| 1 February 2006 | £8 | 1 February 2016 | 3,150 |
| 2 March 2007 | £8 | 2 March 2017 | 1,575 |
| 29 February 2008 | £9 | 28 February 2018 | 1,575 |

The options are exercisable within the period detailed above, subject to certain performance criteria

| | | | |
|----|--------------------------------|-----------|-----------|
| 15 | SHARE PREMIUM ACCOUNT | 2011 £ | 2010 £ |
| | GROUP AND COMPANY | | |
| | 1 April 2010 and 31 March 2011 | 59,000 | 59,000 |
| 16 | CAPITAL REDEMPTION RESERVE | 2011 £ | 2010 £ |
| | GROUP AND COMPANY | | |
| | 1 April 2010 and 31 March 2011 | 21,000 | 21,000 |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

| | | | |
|----|-------------------------------|------------------|------------------|
| 17 | PROFIT AND LOSS ACCOUNT | 2011 £ | 2010 £ |
| | GROUP | | |
| | 1 April 2010 | 3,903,330 | 3,785,869 |
| | Profit for the financial year | 798,149 | 166,551 |
| | Foreign exchange | (24,942) | (19,090) |
| | Dividend paid | (30,000) | (30,000) |
| | 31 March 2011 | <u>4,646,537</u> | <u>3,903,330</u> |
| | COMPANY | | |
| | 1 April 2010 | 4,163,153 | 3,692,193 |
| | Profit for the financial year | 764,217 | 500,960 |
| | Dividend paid | (30,000) | (30,000) |
| | 31 March 2011 | <u>4,897,370</u> | <u>4,163,153</u> |

An interim dividend of 14 29p per ordinary share (2010 14 29p) was paid on 1 April 2010. The directors do not recommend the payment of a final dividend (2010 £Nil).

| | | | |
|----|---|------------------|------------------|
| 18 | RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS | 2011 £ | 2010 £ |
| | GROUP | | |
| | Profit attributable to shareholders of the parent company | 798,149 | 166,551 |
| | Foreign exchange loss | (24,942) | (19,090) |
| | Dividend paid | (30,000) | (30,000) |
| | Net addition to shareholders' funds | <u>743,207</u> | <u>117,461</u> |
| | Opening shareholders' funds | 4,193,330 | 4,075,869 |
| | Closing shareholders' funds | <u>4,936,537</u> | <u>4,193,330</u> |
| | COMPANY | | |
| | Profit for the financial year | 764,217 | 500,960 |
| | Dividend paid | (30,000) | (30,000) |
| | Net addition to shareholders' funds | <u>734,217</u> | <u>470,960</u> |
| | Opening shareholders' funds | 4,453,153 | 3,982,193 |
| | Closing shareholders' funds | <u>5,187,370</u> | <u>4,453,153</u> |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

| 19 | CASH FLOWS | 2011 £ | 2010 £ |
|----|---|------------------|------------------|
| a | Reconciliation of operating profit to net cash flow from operating activities | | |
| | Operating profit | 1,294,007 | 479,800 |
| | Depreciation | 103,518 | 95,178 |
| | Amortisation | 5,298 | 3,315 |
| | Loss on disposal of tangible fixed assets | 17,149 | - |
| | Loss on disposal of investment | 9,101 | 4,170 |
| | Decrease in stocks | 19,503 | 346,089 |
| | Increase in debtors | (120,023) | (1,558,611) |
| | Increase/(decrease) in creditors | (262,032) | 1,144,538 |
| | Foreign currency translation (losses)/gains | (1,132) | 156,442 |
| | Net cash flow from operating activities | <u>1,065,389</u> | <u>670,921</u> |
| | | 2011 £ | 2010 £ |
| b | Analysis of cash flows for headings netted in the cash flow | | |
| | Returns on investments and servicing of finance | | |
| | Interest paid | (146,895) | (161,440) |
| | Interest received | 15,167 | 19,879 |
| | Net cash outflow from returns on investments and servicing of finance | <u>(131,728)</u> | <u>(141,561)</u> |
| | Capital expenditure and financial investment | | |
| | Purchase of tangible fixed assets | (7,697) | (97,528) |
| | Net cash outflow from capital expenditure and financial investment | <u>(7,697)</u> | <u>(97,528)</u> |
| | Acquisitions and disposals | | |
| | Sale of interest in subsidiary undertaking, net of cash | 15,795 | (88,268) |
| | Net cash inflow/(outflow) from acquisitions and disposals | <u>15,795</u> | <u>(88,268)</u> |
| | Financing | | |
| | Capital element of finance lease rental payments | (38,626) | - |
| | Net cash outflow from financing | <u>(38,626)</u> | <u>-</u> |

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

19 CASH FLOWS (continued)

| | At 1 April 2010 £ | Other Non cash Changes £ | Exchange differences £ | Cash flow £ | At 31 March 2011 £ |
|--------------------------|----------------------------|-----------------------------------|------------------------------|----------------|-----------------------------|
| c Analysis of net debt | | | | | |
| Cash at bank and in hand | 718,885 | - | 1,730 | (50,376) | 670,239 |
| Bank overdrafts | (1,724,137) | - | (26,955) | 484,584 | (1,266,508) |
| | (1,005,252) | - | (25,225) | 434,208 | (596,269) |
| Finance leases | - | (67,238) | - | 38,626 | (28,612) |
| Total | (1,005,252) | (67,238) | (25,225) | 472,834 | (624,881) |

20 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the group and company had annual commitments under non-cancellable operating leases as follows

| | 2011 £ | 2010 £ |
|--------------------------------|-----------|-----------|
| Land and buildings | | |
| Expiring between 2 and 5 years | 77,730 | 77,730 |

21 RELATED PARTY DISCLOSURES

Details of subsidiary undertakings are set out in note 9. In accordance with FRS8 *Related Parties* the company has taken advantage of the exemptions and has not disclosed the transactions between group entities where the company owns 100% of the share capital.

During the year the company made purchases of £212,255 (2010: £42,680) and sales of £14,993 (2010: £26,688) from/to Shaw and Smith Pty Limited, a company in which the director MS Hill Smith has an interest. The company also had trading balances of £27,126 (2010: £20,370) owed to these companies at the balance sheet date.

During the year the company made purchases of £150,576 (2010: £18,946) and recharged administration expenses of £9,801 (2010: £11,497) from/to Greenstone Vineyard Pty Limited and The Delta Wine Company Limited, companies in which the director D Gleave has an interest. Liberty Wines Limited was owed £27,558 (2010: £10,858) from these companies at the balance sheet date.

During the year the company made purchases of £1,009,370 (2010: £838,612) and sales of £33,954 (2010: £22,808) from/to Tinpot Hut Wines Limited. The company had trading balances of £121,211 (2010: £23,898 owed to) owed to Tinpot Hut Wines Limited at the balance sheet date.

During the year the company made purchases of £250,502 (2010: £104,813) and sales of £110,103 (2010: £16,096) from/to Willunga Hundred Pty Limited. The company had trading balances of £Nil (2010: £Nil) owed to Willunga Hundred Pty Limited and loan balances of £1,156,252 (2010: £711,662) owed by Willunga Hundred Pty Limited at the balance sheet date of which £873,000 (2010: £712,000) is shown as falling due after more than one year.

Liberty Wines Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

21 RELATED PARTY DISCLOSURES (continued)

During the year the company made purchases of £75,453 (2010 £82,767) and sales of £11,886 (2010 £5,843) from/to Terre Dei Templari SRL. The company had trading balances of £15,159 (2010 £10,205) owed to Terre Dei Templari SRL and loan balances of £170,112 (2010 £171,286) owed by Terre Dei Templari SRL at the balance sheet date.

During the year, the company was charged £22,000 (2010 £17,400) by N Abraham for services provided as a non executive director. At the year end there was no balance outstanding to N Abraham (2010 £Nil).

22 TRANSACTIONS WITH DIRECTORS

At 1 April 2010 D Gleave owed the company £27,467 (2010 £26,289). During the year the company made further loans to D Gleave totalling £3,258 (2010 £200) and repayments of £4,581 (2010 £364) were made. Interest of £1,218 (2010 £1,342) has been charged during the year and the outstanding loan balance at the year end was £27,362 (2010 £27,467).

At 1 April 2010 the company owed J Ratcliffe £158,957 (2010 £352,105). During the year capital repayments of £Nil (2010 £200,000) were made and interest of £3,309 (2010 £6,852) was accrued leaving £162,266 (2010 £158,957) owed at the balance sheet date.

During the year the directors received dividends of £30,000 (2010 £30,000) from the company.

23 GUARANTEES AND FINANCIAL COMMITMENTS

Pursuant to Section 17 of the Irish Companies (Amendment) Act 1986, Liberty Wines Limited irrevocably guarantees the liabilities of Liberty Wines Ireland Limited for the year ended 31 March 2011. Liberty Wines Ireland Limited is availing of the exemption under that Act to not file company financial statements.

Liberty Wines Limited guarantees the bank overdraft of Tinpot Hut Wines Limited via letters of credit provided by its principal bankers up to NZ\$1,620,000 (2010 NZ\$ 2,520,000).

At 31 March 2011, the company had entered into forward foreign exchange purchase contracts with a value amounting to £4,168,285 (2010 £3,602,463).