

Halewood International Limited

REPORT AND FINANCIAL STATEMENTS

For the 52 week period ended 27 June 2009

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Report and financial statements 2009

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Company Information

Directors	J E Halewood	(Chairman)
	S J Oldroyd	
	I M Duffy	
	J C Lumby	
	N Milne	
	D I Muntean	Romanian
	R V L Rishworth	
	A J Timson	(Resigned 30 April 2009)
	A J Vaughan	
	N B McAndry	(Resigned 28 November 2008)
	G Macfarlane	
	G J Oak	
	A Clifford	(Resigned 30 March 2009)

M Luddington	(Appointed 30 March 2009)
A D Smallman	(Appointed 21 August 2008)

Registered office	The Sovereign Distillery Wilson Road Huyton Business Park Huyton Liverpool L36 6AD
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Registered number	3920410
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Auditors	Deloitte LLP Chartered Accountants and Registered Auditors Liverpool United Kingdom
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Bankers	Lloyds TSB Bank plc 94 Fishergate Preston Lancashire PR1 2JB
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Report of the Directors

The directors have pleasure in presenting the financial statements of the company for the 52 week period ended 27 June 2009, together with the auditors' report thereon.

PRINCIPAL ACTIVITIES

The company trades as an importer, bottler and manufacturer of wines and spirits.

BUSINESS REVIEW

The company's core brands are licensed from other group undertakings to which the company pay royalties.

Halewood International Limited is a wholly owned subsidiary of Halewood International Holdings (UK) Limited, a company incorporated in England. The ultimate parent undertaking is Halewood International Holdings PLC.

The Group monitors performance as a whole, therefore a complete review of the business and future prospects of the Group is included in the Directors' Report of the ultimate parent company's accounts.

The directors are satisfied with the performance of the company during the period. Turnover was £156,878,000, which was an increase of £11,717,000 on the previous period (2008: £145,161,000). Operating profit was £5,803,000, which was an increase of £10,116,000 on the previous period (2008: operating loss £4,313,000). During the period the company received a retrospective rebate for £3,974,000 due to a new royalty agreement that has been issued.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next period.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive, fashion-led market and as such is subject to the threat of competitors launching new products in the markets in which we operate. To help mitigate this risk the company invests heavily in product development and marketing to ensure the life cycles of the company's products are extended.

Competitor risk also manifests itself in the form of price pressures, particularly in the more developed markets, and applies downward pressure on gross margins. The company ensures that prices and margins in key markets are closely monitored at board level with director level sign off for any promotional support or price changes.

The company also benefits from close commercial relationships with a number of key customers and suppliers. Damage to, or loss of any of these relationships could have a direct impact on the company's results. To ensure relationships are maintained, the company assigns key personnel to manage the relationships with these suppliers and customers with regular feedback being given to the board.

The company also faces the risk of increases to duty. Any increase imposed will directly impact the operating profit of the business.

The company's credit risk is primarily attributable to its trade receivables and it has implemented policies that require appropriate credit checks on potential customers before services are provided.

The company sells and operates in multiple markets around the globe it is exposed to movements in key currencies, in particular the Euro. This risk is managed with forward contracts taken out to manage the risk.

FUTURE OUTLOOK

The company continues to operate in a very competitive domestic market. In addition, the company is experiencing significant price increases in its key raw materials. Both of these external factors are expected to apply pressure on margins. To combat these pressures the company will continue to focus on its successful strategy of new product development combined with key strategic brand acquisition, tight cost control and focus on production efficiency.

The directors have considered the going concern assumption and continue to adopt the going concern basis in preparing the annual report and financial statements, as documented in note 1 to the accounts.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £3,405,000 (2008: loss of £3,646,000). The directors do not propose a dividend (2008: £nil).

Report of the Directors (continued)

CHARITABLE AND POLITICAL DONATIONS

During the period the company made charitable donations of £9,360 (2008: £91,053) principally to local charities serving the communities in which the company operates.

No political donations were made during the period (2008: £nil).

DIRECTORS

The present directors of the company who served throughout the period and thereafter, unless otherwise stated, are set out on page 1.

EMPLOYEES

During the period the company continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed. Although the group does not follow any code or standard on payment policy, where terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month. At 27 June 2009, the number of days of trade creditors for the company was 44 days (2008: 45 days).

FIXED ASSETS

In the opinion of the directors the current open market value of the Group's interests in land and buildings exceeds the book value by approximately £10,578,000. The Group's liability to taxation if land and buildings were sold at that value would approximate £2,962,000.

AUDITORS

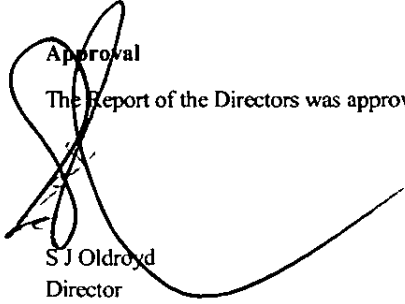
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The Report of the Directors was approved by the Board on 2/12/2009 and signed on its behalf by:


S J Oldroyd
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 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 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; and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEWOOD INTERNATIONAL LIMITED

We have audited the financial statements of Halewood International Limited for the 52 week period ended 27 June 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. 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 sections 495 and 496 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 auditors' 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 Statement of Directors' Responsibilities, within the Director's Report, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 June 2009 and of its profit for the 52 week period 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEWOOD INTERNATIONAL 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.



Damian Sanders
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Liverpool
United Kingdom
Date 2 December 2019



Profit And Loss Account

For the 52 weeks ended 27 June 2009

	Note	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Turnover	2	156,878	145,161
Cost of sales		(132,405)	(130,692)
Gross profit		24,473	14,469
Selling and marketing costs		(4,415)	(6,909)
Distribution costs		(8,167)	(6,428)
Administrative expenses		(6,088)	(5,445)
Operating profit / (loss)	3	5,803	(4,313)
Interest receivable and similar income	6	1,162	1,810
Interest payable	7	(1,977)	(2,611)
Profit / (loss) on ordinary activities before taxation		4,988	(5,114)
Tax (charge) / credit on profit / (loss) on ordinary activities	8	(1,382)	1,468
Profit / (loss) on ordinary activities after taxation	16, 17	3,606	(3,646)

There were no recognised gains or losses other than the profit for the current period and the loss for the previous financial period. Accordingly, no separate statement of total recognised gains and losses is given.

The company's activities derive from continuing operations.

Balance Sheet

At 27 June 2009

	Note	27 June 2009 £'000	28 June 2008 £'000
Fixed assets			
Tangible assets	9	10,387	10,800
Current assets			
Stocks	10	11,442	11,411
Debtors	11	29,958	64,633
Cash at bank and in hand		7,856	395
		<u>49,256</u>	<u>76,439</u>
Creditors: amounts falling due within one year	12	(47,281)	(77,769)
Net current assets / (liabilities)		<u>1,975</u>	<u>(1,330)</u>
Total assets less current liabilities		12,362	9,470
Creditors: amounts falling due after more than one year	13	(1,294)	(1,978)
Provision for liabilities	14	(578)	(608)
Net assets		<u>10,490</u>	<u>6,884</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	10,489	6,883
Shareholders' funds	17	<u>10,490</u>	<u>6,884</u>

The financial statements of Halewood International Limited were approved by the Board on
signed on its behalf by:

2/12/2009 and

S J Oldroyd
Director

Notes to the Financial Statements

For the 52 weeks ended 27 June 2009

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Basis of accounting

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

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Halewood International Holdings PLC, which publishes a consolidated cash flow statement.

Going concern

The company meets its day-to-day working capital requirements through a combination of bank overdraft secured over trade debts and loans from its parent undertaking and fellow subsidiary companies. The overdraft facility is due for annual renewal in September 2010, however, following recent discussions with the bank the directors are confident the overdraft will be renewed. The company's forecasts and projections, taking account of possible changes in trading performance, show that the company is expected to be able to operate within the level of funding available.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate resources and believe that the company is well placed to manage its business risks successfully, despite the current uncertain economic outlook, and any impact on consumer spending, and is expected to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors are in receipt of a letter of support from its ultimate parent company Halewood International Holdings PLC. This letter of support confirms that the inter company loan and debts due under Licence agreements will not need to be repaid for a minimum of 12 months from the date the accounts are signed.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation, less any provision for impairment. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Computer Equipment	25% on cost
Fixtures and fittings	15%/25% on cost
Plant and machinery	10%/15% on cost
Motor vehicles	25% on cost
Property	2% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs of disposal.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 June 2009

1. ACCOUNTING POLICIES (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Capital grants

Capital government grants received are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets to which they relate.

Pensions

The company contributes to defined contribution pension arrangements (including stakeholder equivalent arrangements) on behalf of certain employees. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost for these schemes represents contribution payable in the period.

Turnover

Turnover comprises sales to customers less discounts and allowances and is net of value added tax. Turnover is recognised upon despatch of goods.

Derivatives

The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates. Derivatives are not included at fair value in the accounts. At the balance sheet date, the company had no derivatives in place.

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 June 2009

2. TURNOVER

The analysis of turnover by geographical market is as follows:

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
United Kingdom	153,529	142,829
EC countries	2,077	1,009
Rest of Europe	742	174
Other	530	1,149
	<u>156,878</u>	<u>145,161</u>

All turnover derives from the principal activities of the company. Turnover by origin and destination are not materially different.

3. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging/(crediting):

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Depreciation of tangible fixed assets - owned	2,287	2,159
- held under finance	300	114
Hire of equipment	382	333
(Profit) / loss on sale of assets	(85)	191
Grant released in the period	(51)	(65)
Retrospective royalty rebate	(3,974)	-
	<u></u>	<u></u>

During the period the company has received a retrospective rebate for £3,974,000 from subsidiary companies, relating to the 52 week period ending 28 June 2008 due to a new royalty agreement that has been issued.

The analysis of auditors' remuneration is as follows:

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts.	76	77
	<u>76</u>	<u>77</u>
Total audit fees		
	<u>76</u>	<u>77</u>
Tax services	103	125
	<u>103</u>	<u>125</u>
Total non-audit fees		
	<u>103</u>	<u>125</u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 June 2009

4. EMPLOYEES

Staff costs, including directors, may be allocated as follows:

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Wages and salaries	11,091	10,704
Social security costs	1,147	1,109
Pensions - defined contribution scheme (note 20)	484	468
	<hr/>	<hr/>
	12,722	12,281
	<hr/>	<hr/>

The average weekly number of employees, including directors, during the period was made up as follows:

	2009	2008
Administration and selling	127	129
Warehousing & production	222	240
	<hr/>	<hr/>
	349	369
	<hr/>	<hr/>

5. DIRECTORS' EMOLUMENTS

Directors' emoluments were as follows:

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Emoluments for management services including benefits in kind	2,313	1,936
Pension contributions	103	95
	<hr/>	<hr/>
	2,416	2,031
	<hr/>	<hr/>

The emoluments of the highest paid director were:

Salary	750	525
Benefits in kind	81	134
	<hr/>	<hr/>
	831	659
	<hr/>	<hr/>

Pension contributions have been made on behalf of 12 of the directors into defined contribution schemes (2008: 12).

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 June 2009

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Interest due from fellow subsidiary undertakings	1,147	1,714
Interest income	15	96
	<u>1,162</u>	<u>1,810</u>

7. INTEREST PAYABLE

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Bank overdraft	450	578
Hire purchase interest	121	87
Interest due to fellow subsidiary undertakings	1,387	1,883
Bank loan	19	63
	<u>1,977</u>	<u>2,611</u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 27 June 2009

8. TAX CHARGE / (CREDIT) ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
United Kingdom Corporation Tax		
Current tax on profit / loss for the period	410	-
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
Current taxation charge before group relief	410	-
Group relief	1,106	(1,339)
Adjustment in respect of prior years	(104)	(65)
	<hr/>	<hr/>
Current taxation charge / (credit)	1,412	(1,404)
Deferred taxation		
Net origination of timing differences	(129)	(164)
Adjustment in respect of prior periods	99	100
	<hr/>	<hr/>
Tax charge / (credit) on profit / (loss) on ordinary activities	1,382	(1,468)
	<hr/>	<hr/>
Current tax reconciliation		
	52 weeks ended 27 June 2009 £'000	52 weeks ended 28 June 2008 £'000
Profit / (loss) on ordinary activities before taxation	4,787	(5,114)
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008: 29.5%)	1,340	(1,509)
Effects of:		
- expenditure not tax deductible	47	63
- adjustment in respect of prior periods	(104)	(65)
- accelerated capital allowances	151	58
- other short term timing differences	-	61
- income not taxable	-	(12)
- utilisation of tax losses	(22)	-
	<hr/>	<hr/>
Current taxation credit	1,412	(1,404)
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

At 27 June 2009

9. TANGIBLE FIXED ASSETS

	Property £'000	Plant & machinery, motor vehicles, fixtures & fittings and computer equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 29 June 2008	422	26,608	480	27,510
Additions	-	2,820	107	2,927
Transfers	-	432	(432)	-
Disposals	-	(1,108)	-	(1,108)
At 27 June 2009	422	28,752	155	29,329
Accumulated depreciation				
At 29 June 2008	62	16,648	-	16,710
Charge for the period	8	2,579	-	2,587
Disposals	-	(355)	-	(355)
At 27 June 2009	70	18,872	-	18,942
Net book value				
At 27 June 2009	352	9,880	155	10,387
At 28 June 2008	360	9,960	480	10,800

The net book value of fixed assets includes an amount of £2,562,450 (2008: £2,857,811) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £300,000 (2008: £114,000) in the period.

Notes to the Financial Statements (continued)

At 27 June 2009

10. STOCKS

	27 June 2009 £'000	28 June 2008 £'000
Raw materials	2,866	1,705
Goods for resale	8,576	9,706
	<u>11,442</u>	<u>11,411</u>

There is no material difference between the balance sheet value of the stocks and the replacement cost.

11. DEBTORS

	27 June 2009 £'000	28 June 2008 £'000
Trade debtors	23,517	30,939
Other debtors	141	248
Prepayments	544	521
Amounts due from parent company	-	22,479
Amounts due from fellow subsidiary undertakings	3,445	8,340
Amounts due from related parties	2,311	2,106
	<u>29,958</u>	<u>64,633</u>

The intercompany loans have no fixed term of repayment. Interest is paid monthly at a commercial rate above the Bank of England base rate.

Notes to the Financial Statements (continued)

At 27 June 2009

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 June 2009 £'000	28 June 2008 £'000
Bank overdraft (secured)	10,960	13,695
Bank loan	244	369
Hire purchase finance	873	829
Trade creditors	6,715	7,808
Other taxation and social security	9,823	6,967
Corporation tax	410	-
Accruals and deferred income	7,549	12,057
Amounts due to fellow subsidiary undertakings	6,856	35,375
Amounts due to parent company	3,671	-
Amounts due to related parties	50	344
Deferred grant	-	51
Other creditors	130	274
	<u>47,281</u>	<u>77,769</u>

In respect of amounts due to the parent company and fellow subsidiary undertakings, confirmation has been obtained that the balances will not be called for repayment in the foreseeable future. Interest is paid monthly at a commercial rate above the Bank of England base rate.

In February 2007, a £1,000,000 mortgage was taken out which is repayable over 36 months at a commercial rate of interest above the Lloyds Bank Plc base rate. The balance outstanding at 27 June 2009 was £244,000. The mortgage is secured against fixed assets, specifically plant and machinery.

The bank overdraft is secured over trade debts. Interest is charged at a commercial rate above the Bank of England base rate. The overdraft is repayable when trade debt is repaid. The balance outstanding at 27 June 2009 was £10,960,000.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	27 June 2009 £'000	28 June 2008 £'000
Hire purchase agreements	1,294	1,769
Bank Loan	-	209
	<u>1,294</u>	<u>1,978</u>
Repayable		
1-2 years	661	1,604
2-5 years	633	374
	<u>1,294</u>	<u>1,978</u>

Notes to the Financial Statements (continued)

At 27 June 2009

14. DEFERRED TAXATION

	27 June 2009 £'000	28 June 2008 £'000
Opening provision	608	672
Adjustment to opening balance	99	-
Charge to the profit and loss account	(129)	(64)
	<hr/>	<hr/>
Closing provision	578	608
	<hr/>	<hr/>
Deferred tax is analysed as follows:	27 June 2009 £'000	28 June 2008 £'000
Capital allowances in excess of depreciation	695	758
Short term timing differences	(117)	(150)
	<hr/>	<hr/>
	578	608
	<hr/>	<hr/>

15. SHARE CAPITAL

	27 June 2009 £'000	28 June 2008 £'000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

The share capital amount above has been adjusted in 2008 to £1,000 to reflect a misstatement; this has previously been recorded at £100.

Notes to the Financial Statements (continued)

At 27 June 2009

16. PROFIT AND LOSS ACCOUNT

	2009 £'000
As at the beginning of the period	6,883
Profit for the period	3,606
As at the end of the period	10,489

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Profit / (loss) for the period	3,606	(3,646)
Net addition to / (reduction in) shareholders' funds	3,606	(3,646)
Opening shareholders' funds	6,884	10,530
Closing shareholders' funds	10,490	6,884

Notes to the Financial Statements (continued)

At 27 June 2009

18. FINANCIAL COMMITMENTS

Capital commitments

Capital expenditure commitments were as follows:

	27 June 2009 £'000	28 June 2008 £'000
Contracted for, but not provided in the accounts	-	403

Operating lease commitments

The company is committed to make payments under operating leases in respect of plant and machinery in the next year as follows:

	27 June 2009 £'000	28 June 2008 £'000
Lease expiring; within one year	24	36
within 1-2 years	174	28
within 2-5 years	79	176
	<u>277</u>	<u>240</u>

19. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross-guaranteed the borrowings due to Lloyds TSB Bank plc. The borrowings are secured on the assets of the Group. At 27 June 2009, the borrowings of the group amounted to £15,019,000 (2008: £22,462,000).

20. PENSION ARRANGEMENTS

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £484,000 (2008: £468,000), which represented contributions to these schemes. The assets of this scheme are held separately for those of the company in independently administered funds.

Notes to the Financial Statements (continued)

At 27 June 2009

21. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with other companies within the Halewood International Holdings PLC group. Under the provisions of Financial Reporting Standard No.8 "Related Party Disclosures", the company is exempt from disclosing the detail of these transactions.

During the period, the company entered into the following transactions with companies over which Mr J E Halewood, the principal shareholder, exercises significant influence:

- 1) The company entered into a number of transactions with H&A Prestige Packing Company Limited, a company owned by the Mr J E Halewood. Details of transactions made during the period are as follows:

	2009 £'000	2008 £'000
Sales	2,769	1,276
Purchases	6,246	7,232
Amounts due from / (to) related parties	161	(344)

- 2) During the period, the company has a trading account balance to Hatton House Farm, a business owned by Mr J E Halewood. The value of the transaction account reached a maximum of £10,543 during the period was £10,543. The balance at 27 June 2009 was £6,569 (2008: £9,303).
- 3) The company has an existing loan to the directors of HIFX Plc, a company owned by Mr J E Halewood. The balance at 27 June 2009 was £2,050,000 (2008: £2,050,000). The loan has no fixed repayment terms and is not interest bearing.

22. ULTIMATE PARENT AND CONTROLLING PARTY

The parent undertaking of the smallest group, which includes the company, is Halewood International Holdings (UK) Limited. The ultimate parent company is Halewood International Holdings PLC, a company registered in England. Group accounts for Halewood International Holdings PLC are available to the public on payment of the appropriate fee, from Companies registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate controlling party of the company is J E Halewood, a director of the company, owing to his overall control of the parent company.