

Financial Statements Licensed Wholesale Company Limited

For the year ended 30 September 2007

WEDNESDAY



A66

AZ7BF1U1

30/07/2008

203

COMPANIES HOUSE

Company information

Company registration number :	2053090
Registered office :	Unit 3 Stainburn Road Openshaw Manchester M11 2ER
Directors :	Mr R M Gray Mr E K Mukadam
Secretary :	Mr P D Sumner
Bankers :	National Westminster Bank Plc Corporate Banking, Manchester 6th Floor 1 Spinningfields Place Manchester M3 3AP
Solicitors :	Grindeys Solicitors Glebe Court Stoke On Trent Staffordshire ST4 1ET
Auditors :	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields MANCHESTER M3 3EB

Index to the financial statements

Report of the directors	3 – 5
Report of the independent auditors	6 – 7
Principal accounting policies	8 – 9
Profit and loss account	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 – 22

Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 September 2007

Principal activity

The company's principal activity is retailing and wholesaling wines, spirits and beers and the production of own brand products

Results and dividends

The directors report a decrease in turnover from £80,398,606 in 2006 to £79,704,708 for the year ended 30 September 2007

The profit for the year after taxation amounted to £449,891 (2006 £1,176,949) The directors paid a dividend during the year of £35,000 (2006 £20,000)

Business review and future developments

The directors are satisfied with the results for the period and the year-end balance sheet position To date, current year results are in line with budgeted expectations

The company has implemented a strategy that will continue to focus on beneficial trading activities core to the business with results targeted to be realised during 2008

The directors feel that the key performance indicators for the company are monthly management accounts, sales reports and close monitoring of cash, debtor and creditor balances

Financial risk management objectives and policies

The company uses a variety of financial instruments, including a bank overdraft facility, cash and various working capital facilities such as trade debtors and trade creditors that arise directly as a result of trading operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

- *Liquidity risk* – The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably Short term flexibility is achieved by an overdraft facility
- *Interest rate risk* – The company finances its operations through a mixture of retained profits, directors' loans and a bank overdraft The interest rate exposure of the financial assets and liabilities of the company as at 30 September 2007 is shown below The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk

Report of the directors

	Interest rate			
	Fixed	Floating	Zero	Total
	£000	£000	£000	£000
Financial assets				
Cash	–	–	10	10
Trade debtors	–	–	7,006	7,006
	<u>–</u>	<u>–</u>	<u>7,016</u>	<u>7,016</u>
Financial liabilities				
Directors' loans and overdrafts	–	(2,774)	(4,294)	(7,068)
Finance leases and hire purchase contracts	(397)	–	–	(397)
Trade creditors	–	–	(6,760)	(6,760)
	<u>(397)</u>	<u>(2,774)</u>	<u>(11,054)</u>	<u>(14,225)</u>

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. 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.

Directors

The directors of the company are listed below. All served on the Board throughout the year unless otherwise stated.

R M Gray
E K Mukadam
P Lewis (resigned 31 May 2007)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also

Report of the directors

responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are 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

Employees

The policy of good employee relations continued throughout the period. Regular meetings of management with staff are held to discuss future plans for the company as well as pay and conditions.

We consider all disabled people applying for employment on the basis of their aptitudes and abilities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Mr P D Sumner
Secretary

25 July 2008

Report of the independent auditors to the members of Licensed Wholesale Company Limited

We have audited the financial statements of Licensed Wholesale Company Limited for the year ended 30 September 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, cash flow statement and notes 1 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

Report of the independent auditors to the members of Licensed Wholesale Company Limited

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

25 July 2008

Principal accounting policies

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

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives. The rates generally applicable are

Freehold buildings	2% straight line on 20% of cost
Leasehold properties	over the period of the lease
Plant and machinery	20% reducing balance or 2 years straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	5 - 7 years straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal

Investment income

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is calculated on an undiscounted basis at tax rates that have been enacted or substantively enacted by the balance sheet

Contributions to pension funds

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Principal accounting policies (continued)

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Development costs

All development costs are written off in the year of expenditure.

Goodwill

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life.

As a matter of accounting policy, purchased goodwill first accounted for in accounting years ended before 23 December 1998, the implementation date of FRS 10, was eliminated from the financial statements by immediate write off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

Investments

Investments are included at cost less amounts written off.

Consolidated accounts have not been prepared as the directors consider that the impact of the subsidiary companies is not material to the results of the company.

Profit and loss account

Continuing activities	Note	2007 £	2006 £
Turnover	1	79,704,708	80,398,606
Cost of sales		<u>(65,858,664)</u>	<u>(66,642,532)</u>
Gross profit		13,846,044	13,756,074
Distribution costs		<u>(6,196,461)</u>	<u>(6,098,969)</u>
Administrative expenses		<u>(6,432,001)</u>	<u>(5,694,159)</u>
Operating profit		1,217,582	1,962,946
Interest receivable		—	10,589
Interest payable	3	<u>(272,220)</u>	<u>(121,872)</u>
Profit on ordinary activities before taxation	1	945,362	1,851,663
Tax on profit on ordinary activities	4	<u>(495,471)</u>	<u>(674,714)</u>
Profit for the year	16	<u>449,891</u>	<u>1,176,949</u>

There were no recognised gains or losses other than the profit for the financial year

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	6	1,225,083	699,083
Tangible assets	7	6,149,587	5,263,253
Investments	8	266,753	2,599
		<u>7,641,423</u>	<u>5,964,935</u>
Current assets			
Stocks	9	7,534,803	6,680,532
Debtors	10	7,811,729	8,307,618
Cash at bank and in hand		10,458	10,958
		<u>15,356,990</u>	<u>14,999,108</u>
Creditors' amounts falling due within one year	11	<u>(14,213,313)</u>	<u>(14,474,358)</u>
Net current assets		<u>1,143,677</u>	<u>524,750</u>
Total assets less current liabilities		8,785,100	6,489,685
Creditors: amounts falling due after more than one year	12	(4,487,190)	(2,606,666)
Net assets		<u>4,297,910</u>	<u>3,883,019</u>
Capital and reserves			
Called up share capital	15	45,334	45,334
Capital redemption reserve	16	21,335	21,335
Profit and loss account	16	4,231,241	3,816,350
Shareholders' funds	17	<u>4,297,910</u>	<u>3,883,019</u>

The financial statements were approved by the Board of Directors on 25 July 2008

R M Gray

Director

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2007 £	2006 £
Net cash inflow from operating activities	18	<u>740,315</u>	<u>2,038,504</u>
Returns on investments and servicing of finance			
Interest received		—	10,589
Interest paid		(212,746)	(100,300)
Finance lease interest paid		<u>(21,530)</u>	<u>(21,572)</u>
Net cash outflow from returns on investments and servicing of finance		(234,276)	(111,283)
Taxation		(498,126)	(769,774)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,266,446)	(3,337,134)
Sale of tangible fixed assets		11,612	14,645
Disposal/(purchase) of investments		<u>3,320</u>	<u>(1)</u>
Net cash outflow from capital expenditure and financial investment		(1,251,514)	(3,322,490)
Acquisitions			
Purchase of business	26	<u>(823,304)</u>	<u>(640,002)</u>
Net cash outflow from acquisitions		(823,304)	(640,002)
Equity dividends paid		<u>(35,000)</u>	<u>(20,000)</u>
Net cash outflow before financing		(2,101,905)	(2,825,045)
Financing			
Increase in borrowings	19	1,832,614	868,135
Capital element of finance lease rentals	19	<u>(222,627)</u>	<u>(192,316)</u>
Net cash inflow from financing		1,609,987	675,819
Decrease in cash in the year	19	<u><u>(491,918)</u></u>	<u><u>(2,149,226)</u></u>

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are attributable to the company's principal activity and originate wholly within the United Kingdom

The profit on ordinary activities before taxation is stated after charging

	2007	2006
	£	£
Depreciation		
– owned	523,233	351,997
– held under hire purchase contracts and finance leases	83,522	84,810
Auditors' remuneration		
– audit	18,500	22,000
– non-audit	8,000	44,875
Amortisation of goodwill	74,000	28,419
Loss on disposal of fixed assets	3,322	4,374
Hire of plant and machinery under operating leases	46,623	11,235
Other operating lease rentals	268,500	296,750

Fees in respect of non-audit services are in respect of tax compliance and advisory work

2 Directors and employees

	2007	2006
	£	£
Staff costs during the year were as follows		
Wages and salaries	6,442,575	6,218,179
Social security costs	568,479	552,030
Pension contribution	49,160	37,039
	<u>7,060,214</u>	<u>6,807,248</u>

	2007	2006
	Number	Number
The average number of employees during the year was		
Administration, selling and distribution	<u>296</u>	<u>285</u>

The total amounts for directors' remuneration and other benefits was as follows

	2007	2006
	£	£
Emoluments	<u>154,842</u>	<u>157,737</u>

One of the directors' salaries is paid in full by Dorbiere Limited, a related company due to common ownership. A proportion of this is recharged to the company through the means of a management charge and this is the amount reflected in the above emoluments.

3 Interest payable and similar charges

	2007	2006
	£	£
Corporation tax - late payment interest	37,944	—
On bank loans and overdrafts	212,746	100,300
Hire purchase interest	<u>21,530</u>	<u>21,572</u>
	<u>272,220</u>	<u>121,872</u>

4 Tax on profit on ordinary activities

The taxation charge is based on the profit for the year and represents

	2007	2006
	£	£
Current tax		
UK corporation tax at 30% (2006 30%)	349,705	620,000
Adjustments in respect of prior periods	<u>103,766</u>	<u>21,562</u>
	<u>453,471</u>	<u>641,562</u>
Deferred tax		
Origination and reversal of timing differences	21,650	33,152
Decrease in tax rate	<u>20,350</u>	<u>—</u>
	<u>42,000</u>	<u>33,152</u>
Tax charge for the year	<u>495,471</u>	<u>674,714</u>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom
The differences are explained as follows

	2007 £	2006 £
Profit on ordinary activities before tax	<u>945,362</u>	<u>1,851,663</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006 30%)	283,609	554,498
Effect of		
Expenses not deductible for tax purposes	73,062	97,063
Capital allowances for the period in excess of depreciation	1,175	(51,286)
Short term timing differences	(8,141)	19,725
Adjustments in respect of prior periods	<u>103,766</u>	<u>21,562</u>
	<u>453,471</u>	<u>641,562</u>

5 Dividends

	2007 £	2006 £
Equity dividends		
Ordinary dividends – paid on 20,000 "B" shares	<u>35,000</u>	<u>20,000</u>

During the year shareholders holding 25,334 "A" and "C" ordinary shares waived their right to receive a dividend

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2006	755,547
Additions (note 26)	<u>600,000</u>
At 30 September 2007	<u>1,355,547</u>
Amortisation	
At 1 October 2006	56,464
Charge for the year	<u>74,000</u>
At 30 September 2007	<u>130,464</u>
Net book value	
At 30 September 2007	<u>1,225,083</u>
At 30 September 2006	<u>699,083</u>

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost						
At 1 October 2006	3,661,699	493,084	735,845	1,082,661	1,522,229	7,495,518
Additions	642,005	12,391	40,380	300,345	492,902	1,488,023
Acquired with subsidiary (note 26)	—	—	4,390	58,350	12,260	75,000
Disposals	—	—	—	(43,826)	(657)	(44,483)
At 30 September 2007	<u>4,303,704</u>	<u>505,475</u>	<u>780,615</u>	<u>1,397,530</u>	<u>2,026,734</u>	<u>9,014,058</u>
Depreciation						
At 1 October 2006	14,837	272,058	586,645	455,310	903,415	2,232,265
Provided in the year	15,546	32,358	102,540	194,354	261,957	606,755
Impairment	—	—	—	—	55,000	55,000
Disposals	—	—	—	(29,221)	(328)	(29,549)
At 30 September 2007	<u>30,383</u>	<u>304,416</u>	<u>689,185</u>	<u>620,443</u>	<u>1,220,044</u>	<u>2,864,471</u>
Net book amount						
At 30 September 2007	<u>4,273,321</u>	<u>201,059</u>	<u>91,430</u>	<u>777,087</u>	<u>806,690</u>	<u>6,149,587</u>
Net book amount						
At 30 September 2006	<u>3,646,862</u>	<u>221,026</u>	<u>149,200</u>	<u>627,351</u>	<u>618,814</u>	<u>5,263,253</u>

Assets held under hire purchase contracts and finance leases have a net book value of £427,389 (2006 £498,746) Depreciation charged for the year was £83,522 (2006 £84,810)

8 Fixed asset investments

	Licensed Wholesale Company Limited Employee Benefit Trust £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 October 2006	98	2,501	2,599
Additions (note 26)	—	267,474	267,474
Disposals	—	(3,320)	(3,320)
At 30 September 2007	<u>98</u>	<u>266,655</u>	<u>266,753</u>

See note 24 for details of the Employee Benefit Trust

The company had the following subsidiary undertakings as at 30 September 2007

Name of subsidiary	Country of incorporation	Class of share capital held	Proportion held by the company	Nature of business
Dateprofit Limited	England & Wales	Ordinary £1	100%	Dormant
Rogersons (Wines and Spirits) Limited	England & Wales	Ordinary £1	100%	Dormant
Abbey Head Limited	England & Wales	Ordinary £1	100%	Corporate trustee
Jollys (Cornwall) Limited	England & Wales	Ordinary £1	100%	Dormant
Robinrate Limited	England & Wales	Ordinary £1	100%	Dormant
USW Limited	England & Wales	A Ordinary £1 B Ordinary £1	100%	Dormant
Sunset Drinks Limited	England & Wales	Ordinary £1	100%	Dormant

9 Stocks

	2007 £	2006 £
Work in progress	1,013,447	—
Finished goods	<u>6,521,356</u>	<u>6,680,532</u>
	<u>7,534,803</u>	<u>6,680,532</u>

10 Debtors

	2007	2006
	£	£
Trade debtors	7,006,371	7,597,119
Other debtors	344,295	213,669
Prepayments and accrued income	230,063	218,830
Deferred taxation (Note 14)	231,000	278,000
	<u>7,811,729</u>	<u>8,307,618</u>

11 Creditors : amounts falling due within one year

	2007	2006
	£	£
Bank overdraft	2,774,023	2,282,605
Trade creditors	6,760,233	7,457,233
Other creditors	1,089,781	751,410
Corporation tax	94,745	106,285
Other taxation and social security	2,028,673	2,403,229
Accruals and deferred income	1,262,354	1,296,132
Obligations under hire purchase contracts and finance leases	203,504	177,464
	<u>14,213,313</u>	<u>14,474,358</u>

The bank overdraft is unsecured

12 Creditors : amounts falling due after more than one year

	2007	2006
	£	£
Directors loan account	4,293,702	2,461,088
Obligations under hire purchase contracts and finance leases	193,488	145,578
	<u>4,487,190</u>	<u>2,606,666</u>

13 Obligations under hire purchase contracts and finance leases

Obligations under hire purchase contracts and finance leases are analysed between amounts payable as follows

	2007	2006
	£	£
Within one year	203,504	177,464
After one and within two years	130,145	95,551
After two and within five years	63,343	50,027
	<u>396,992</u>	<u>323,042</u>

Obligations under hire purchase contracts and finance leases are secured on the assets concerned

14 Deferred taxation

The deferred tax asset provided is set out below and is calculated using a tax rate of 30% (2006 30%)

	2007 £	2006 £
At 1 October 2006	(278,000)	(311,152)
Transfer from subsidiary	5,000	—
Movement in the year	42,000	33,152
At 30 September 2007	<u>(231,000)</u>	<u>(278,000)</u>

	2007 £	2006 £
Capital losses	42,000	—
Accelerated capital allowances	(83,000)	(61,000)
Other timing differences	(190,000)	(217,000)
	<u>(231,000)</u>	<u>(278,000)</u>

15 Share capital

	2007 £	2006 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
20,001 "A" Ordinary shares of £1 each	20,001	20,001
20,000 "B" Ordinary shares of £1 each	20,000	20,000
5,333 "C" Ordinary shares of £1 each	5,333	5,333
	<u>45,334</u>	<u>45,334</u>

16 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 October 2006	21,335	3,816,350
Dividends	—	(35,000)
Profit for the year	—	449,891
At 30 September 2007	<u>21,335</u>	<u>4,231,241</u>

17 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Dividends	(35,000)	(20,000)
Profit for the financial year	449,891	1,176,949
Net addition to shareholders' funds	414,891	1,156,949
Opening shareholders' funds	3,883,019	2,726,070
Closing shareholders' funds	4,297,910	3,883,019

18 Net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	1,217,582	1,962,946
Depreciation and impairment charge	661,755	436,807
Amortisation of intangible fixed assets	74,000	28,419
Diminution in value of investments	–	147,450
Loss on sale of tangible fixed assets	3,322	4,374
Increase in stocks	(854,271)	(222,376)
Decrease/(increase) in debtors	448,889	(497,718)
(Decrease)/increase in creditors	(810,962)	178,602
Net cash inflow from operating activities	740,315	2,038,504

19 Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
Decrease in cash in the year	(491,918)	(2,149,226)
Cash inflow from financing	(1,832,614)	(868,135)
Cash outflow from finance leases	222,627	192,316
Change in net debt resulting from cash flows	(2,101,905)	(2,825,045)
Inception of finance leases	(296,577)	(255,814)
Movement in net debt in the year	(2,398,482)	(3,080,859)
Net debt at 1 October 2006	(5,055,777)	(1,974,918)
Net debt at 30 September 2007	(7,454,259)	(5,055,777)

20 Analysis of changes in net debt

	At 1 October 2006 £	Cashflows £	Non-cash changes £	At 30 September 2007 £
Cash at bank and in hand	10,958	(500)	–	10,458
Bank overdraft	(2,282,605)	(491,418)	–	(2,774,023)
	<u>(2,271,647)</u>	<u>(491,918)</u>	<u>–</u>	<u>(2,763,565)</u>
Debt	(2,461,088)	(1,832,614)	–	(4,293,702)
Finance leases	(323,042)	222,627	(296,577)	(396,992)
	<u>(5,055,777)</u>	<u>(2,101,905)</u>	<u>(296,577)</u>	<u>(7,454,259)</u>

21 Guarantees and other financial commitments

Leasing commitments

	Land and buildings £	2007 Other £	Land and buildings £	2006 Other £
Operating leases which expire				
– within one year	102,500	865	28,250	–
– between two to five years	108,500	21,949	211,000	6,263
– after five years	57,500	52,468	57,500	6,032
	<u>268,500</u>	<u>75,282</u>	<u>296,750</u>	<u>12,295</u>

22 Capital commitments

	2007 £	2006 £
Contracted for but not provided in the financial statements	<u>249,446</u>	<u>228,379</u>

23 Contingent liabilities

The company has a composite guarantee dated 20 March 1997 with Dorbiere Limited, Priortrip Limited, Robinrate Limited and Abbey Head Limited. At 30 September 2007, these companies had bank overdrafts totalling £Nil (2006 £Nil).

24 Employee benefit trust

The company has established an Employee Benefit Trust with the objective of promoting employee loyalty and goodwill. Contributions during the year totalled £Nil (2006 £Nil) and distributions made during the year were £Nil (2006 £Nil).

In accordance with FRS 5 – "Reporting the Substance of Transactions", trust assets of £Nil (2006 £Nil) have been incorporated into the company's balance sheet.

25 Related party transactions

Under the disclosure requirements of Financial Reporting Standard 8 – "Related Party Disclosures", the company is a related party of the following

- Dorbiere Limited
- Dorbiere Directors' Benefit Pension Scheme
- Sunset Drinks Limited

During the year Licensed Wholesale Company Limited sold goods amounting to £3,179,971 (2006 £2,785,735) to Dorbiere Limited. The company also purchased goods and services from Dorbiere Limited amounting to £3,305,822 (2006 £3,722,424). Dorbiere Limited is related through common ownership.

At 30 September 2007 the company was owed £267,458 (2006 £264,638) by Dorbiere Limited included in trade debtors and £290,437 (2006 £Nil) by Dorbiere Directors' Benefit Pension Scheme, included in other debtors.

At the same date the company owed £368,322 (2006 £344,766) to Dorbiere Limited, included in trade creditors. At the same date the company owed £281,459 (2006 £Nil) to Sunset Drinks Limited, included in other creditors.

During the year the company paid rents to Dorbiere Directors' Pension Scheme which amounted to £277,375 (2006 £422,051).

26 Acquisitions

On 30 June 2007, the company acquired the entire share capital of Sunset Drinks (Wholesale) Limited for a cash consideration of £867,474.

The fair value of the assets acquired is set out below:

	Book value £	Fair value adjustments £	Fair value £
Goodwill	10,625	(10,625)	–
Fixed assets	116,315	(41,315)	75,000
Stock	149,432	(8,904)	140,528
Debtors	306,730	–	306,730
Cash	107,523	–	107,523
Creditors	(312,801)	(2,296)	(315,097)
Long-term liabilities	(47,210)	–	(54,046)
	<u>330,614</u>	<u>(63,140)</u>	<u>267,474</u>
Goodwill			<u>600,000</u>
Consideration			<u>867,474</u>
Satisfied by			
Cash			823,304
Deferred consideration			<u>44,170</u>
			<u>867,474</u>

Subsequently, the assets and liabilities of Sunset Drinks (Wholesale) Limited were transferred to the company at net book value of £314,574.