Grant Thornton

Financial statements Licensed Wholesale Company Limited

For the Year Ended 30 September 2008

Company No. 2053090

Officers and professional advisers

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

Contents

Report of the directors	3 - 5
Report of the independent auditor	6 - 7
Accounting policies	8 - 10
Profit and loss account	11
Balance sheet	12
Cash flow statement	13
Notes to the financial statements	14 - 24

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2008.

Principal activities and business review

The principal activity of the company during the year was retailing and wholesaling wines, spirits and beers and the production of own brand products.

The directors are satisfied with the result 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 2009.

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.

Results and dividends

The loss for the year, after taxation, amounted to £65,208 (2007: profit of £449,891). Particulars of dividends paid are detailed in note 8 to the financial statements.

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 2008 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.

	Fixed £000	Floating £000	Zero £000	Total £'000
Financial assets				
Cash	-	-	11	**11**
Trade debtors	-	-	7,622	**7,622**
	-	-	7,633	**7,633**
Financial liabilities				
Bank overdrafts	-	1,456	-	**1,456**
Directors' loan	-	-	1,789	**1,789**
Finance lease and hire purchase contracts	737	-	-	**737**
Trade creditors	-	-	7,678	**7,678**
	737	1,456	9,467	**11,660**

Credit risk

The company'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 who served the company during the year were as follows:

R M Gray
E K Mukadam

Directors' responsibilities

The directors are responsible for preparing the report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Disabled employees

The company seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they are able to fill and are not discriminated against on the grounds of their disability.

Employee involvement

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.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD

P D Sumner
Secretary
15th July 2009

Grant Thornton

Report of the independent auditor 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 2008 which comprise the accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 26. These financial statements have been prepared under 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 directors and auditor

The directors' responsibilities for preparing the Report of the Directors 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Licensed Wholesale Company Limited (continued)

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 2008 and of its loss 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

15 July 2009

Accounting policies

Basis of accounting

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

Going concern

Previously, the company met its day to day working capital requirements through an overdraft facility which was due for renewal in November 2008. Subsequent to the year end (May 2009), the company changed the method of financing the day to day working capital requirements to an invoice discounting facility. The current economic conditions create uncertainty particularly over the level of demand for the company's products. However, the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of the new facility. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

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.

Investments

Investments are included at cost less amounts written off.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services received, exclusive of Value Added Tax. Turnover is recognised on despatch of goods.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

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

Goodwill	-	straight line basis over estimated useful economic life

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Freehold Property	-	2% straight line on 15% of cost
Leasehold Property	-	over the period of the lease
Plant & Machinery	-	20% reducing balance or 2 years straight line
Fixtures & Fittings	-	3 - 7 years straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due 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.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

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

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in 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 measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Financial instruments

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

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

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

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	**77,909,852**	79,704,708
Cost of sales		**(64,330,407)**	(65,858,662)
Gross profit		**13,579,445**	13,846,046
Other operating charges	2	**(13,170,593)**	(12,628,464)
Operating profit	3	**408,852**	1,217,582
Interest receivable and similar income		**5,629**	–
Interest payable and similar charges	6	**(135,702)**	(272,220)
Profit on ordinary activities before taxation		**278,779**	945,362
Tax on profit on ordinary activities	7	**(343,987)**	(495,471)
(Loss)/profit for the financial year	21	**(65,208)**	449,891

All of the activities of the company are classed as continuing.

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

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Intangible assets	9	**1,041,083**	1,225,083
Tangible assets	10	**2,303,346**	6,149,587
Investments	11	**266,753**	266,753
		3,611,182	7,641,423
Current assets			
Stocks	12	**7,976,151**	7,534,803
Debtors	13	**9,102,300**	7,811,729
Cash in hand		**11,258**	10,458
		17,089,709	15,356,990
Creditors: amounts falling due within one year	15	**(14,261,661)**	(14,213,313)
Net current assets		**2,828,048**	1,143,677
Total assets less current liabilities		**6,439,230**	8,785,100
Creditors: amounts falling due after more than one year	16	**(2,226,528)**	(4,487,190)
Net assets		**4,212,702**	4,297,910
Capital and reserves			
Called-up equity share capital	20	**45,334**	45,334
Other reserves	21	**21,335**	21,335
Profit and loss account	21	**4,146,033**	4,231,241
Shareholders' funds	22	**4,212,702**	4,297,910

These financial statements were approved by the directors and authorised for issue on 15th July 2009, and are signed on their behalf by:

R M Gray
Director

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

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	23	**1,124,174**	740,315
Returns on investments and servicing of finance			
Interest received		**5,629**	–
Interest paid		**(95,681)**	(212,746)
Interest element of hire purchase		**(40,021)**	(21,530)
Net cash outflow from returns on investments and servicing of finance		**(130,073)**	(234,276)
Taxation		**(455,792)**	(498,126)
Capital expenditure			
Reduction in consideration for business acquired in a prior period		**50,000**	–
Payments to acquire tangible fixed assets		**(606,024)**	(1,266,446)
Receipts from sale of fixed assets		**106,605**	11,612
Net cash outflow from capital expenditure		**(449,419)**	(1,254,834)
Acquisitions and disposals			
Acquisition of shares in group undertakings		–	(823,304)
Disposal of shares in group undertakings		–	3,320
Net cash outflow from acquisitions and disposals		–	(819,984)
Equity dividends paid		**(20,000)**	(35,000)
Cash inflow/(outflow) before financing		**68,890**	(2,101,905)
Financing			
Capital element of hire purchase		**(79,550)**	(222,627)
Repayment of directors' long-term loans		**1,329,968**	1,832,614
Net cash inflow from financing		**1,250,418**	1,609,987
Increase/(decrease) in cash	23	**1,319,308**	(491,918)

Notes to the financial statements

1 Turnover and profit before tax

The turnover and profit before tax are attributable to the one principal activity of the company and originate entirely within the United Kingdom.

2 Other operating charges

	2008	2007
	£	£
Distribution costs	**5,979,604**	6,196,462
Administrative expenses	**7,190,989**	6,432,002
	13,170,593	12,628,464

3 Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Amortisation	**134,000**	74,000
Depreciation of owned fixed assets	**512,734**	523,233
Depreciation of assets held under hire purchase agreements	**214,102**	83,522
Impairment of owned fixed assets	–	55,000
Loss on disposal of fixed assets	**203,838**	3,322
Operating lease costs:		
-Plant and equipment	**94,594**	46,623
-Other	**605,714**	268,500
Auditor's remuneration - audit of the financial statements	**19,000**	18,500
Auditor's remuneration - other fees (tax compliance and other taxation advice)	**45,233**	8,000

4 Particulars of employees

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

	2008	2007
	No	No
Number of administrative staff	**300**	296

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	**6,588,342**	6,442,576
Social security costs	**541,101**	568,480
Other pension costs	**54,403**	49,160
	7,183,846	7,060,216

5 Directors

Remuneration in respect of directors was as follows:

	2008	2007
	£	£
Emoluments receivable	**144,577**	154,842

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.

6 Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank borrowings	**95,681**	212,746
Finance charges payable under hire purchase agreements	**40,021**	21,530
Other similar charges payable	**–**	37,944
	135,702	272,220

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 29% (2007 - 30%)	**287,223**	349,705
Under provision in prior year	**17,989**	103,766
Total current tax	**305,212**	453,471
Deferred tax:		
Origination and reversal of timing differences	**38,775**	21,650
Effect of changed tax rate on opening balance	**-**	20,350
Total deferred tax (note 14)	**38,775**	42,000
Tax on profit on ordinary activities	**343,987**	495,471

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 29% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	**278,779**	945,362
Profit on ordinary activities by rate of tax	**80,846**	283,609
Expenses not deductible for tax purposes	**245,357**	73,062
Capital allowances for period in excess of depreciation	**(63,563)**	1,175
Adjustments to tax charge in respect of previous periods	**17,989**	103,766
Short term timing differences	**24,583**	(8,141)
Total current tax (note 7(a))	**305,212**	453,471

8 Dividends

Dividends on shares classed as equity

	2008	2007
	£	£
Paid during the year:		
Ordinary dividends on 20,000 "B" shares	**20,000**	35,000

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

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2007	1,355,547
Reduction in consideration	(50,000)
At 30 September 2008	**1,305,547**
Amortisation	
At 1 October 2007	130,464
Charge for the year	134,000
At 30 September 2008	**264,464**
Net book value	
At 30 September 2008	**1,041,083**
At 30 September 2007	1,225,083

The reduction in consideration figure represents a £50,000 refund of cash consideration that had been held in Escrow from a prior acquisition. Earn out targets were not met hence the money was refunded to the company during the year.

10 Tangible fixed assets

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost						
At 1 October 2007	4,303,704	505,475	780,615	2,026,734	1,397,530	9,014,058
Additions	44,481	114,933	13,909	121,135	731,580	1,026,038
Disposals	(4,115,815)	–	(6,508)	(1,558)	(275,543)	(4,399,424)
Transfers	(230,328)	–	–	230,328	–	–
At 30 September 2008	**2,042**	**620,408**	**788,016**	**2,376,639**	**1,853,567**	**5,640,672**
Depreciation						
At 1 October 2007	30,383	304,416	689,185	1,220,044	620,443	2,864,471
Charge for the year	16,747	46,880	58,332	299,834	305,043	726,836
On disposals	(45,623)	–	(4,518)	(965)	(202,875)	(253,981)
At 30 September 2008	**1,507**	**351,296**	**742,999**	**1,518,913**	**722,611**	**3,337,326**
Net book value						
At 30 September 2008	**535**	**269,112**	**45,017**	**857,726**	**1,130,956**	**2,303,346**
At 30 September 2007	4,273,321	201,059	91,430	806,690	777,087	6,149,587

10 Tangible fixed assets (continued)

Included within the net book value of £2,303,346 is £859,161 (2007 - £427,389) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £214,102 (2007 - £83,522).

11 Investments

	Shares in subsidiary undertakings	Licensed Wholesale Company Limited Employee Benefit Trust	Total
	£	£	£
Cost			
At 1 October 2007 and 30 September 2008	266,655	98	**266,753**
Net book value			
At 30 September 2007 and 30 September 2008	266,655	98	**266,753**

See note 25 for details of the Employee Benefit Trust.

At 30 September 2008 the company held more than 50% of the allotted share capital of the following undertakings:

	Country of registration	Class of share capital held	Proportion held	Nature of business
Dateprofit Limited	England & Wales	Ordinary £1	100%	Dormant
Rogersons (Wines & 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

12 Stocks

	2008	2007
	£	£
Work in progress	**574,947**	1,013,447
Finished goods	**7,401,204**	6,521,356
	7,976,151	7,534,803

13 Debtors

	2008 £	2007 £
Trade debtors	**7,621,796**	7,006,371
Corporation tax repayable	**55,835**	–
Other debtors	**908,449**	344,295
Prepayments and accrued income	**323,995**	230,063
Deferred taxation (note 14)	**192,225**	231,000
	9,102,300	7,811,729

14 Deferred taxation

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

	2008 £	2007 £
Included in debtors (note 13)	**192,225**	231,000

The movement in the deferred taxation account during the year was:

	2008 £	2007 £
Balance brought forward	**231,000**	278,000
Arising on acquisition of business	**-**	(5,000)
Profit and loss account movement arising during the year	**(38,775)**	(42,000)
Balance carried forward	**192,225**	231,000

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

	2008 £	2007 £
Differences between capital allowances and depreciation	**(2,816)**	83,000
Capital gains	**(42,000)**	(42,000)
Other timing differences	**237,041**	190,000
	192,225	231,000

15 Creditors: amounts falling due within one year

	2008 £	2007 £
Overdrafts	**1,455,515**	2,774,023
Trade creditors	**7,677,891**	6,760,233
Corporation tax	**–**	94,745
Other taxation	**2,696,961**	2,028,673
Amounts due under hire purchase agreements	**299,598**	203,504
Other creditors	**760,192**	1,089,781
Accruals and deferred income	**1,371,504**	1,262,354
	14,261,661	14,213,313

16 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Amounts due under hire purchase agreements	**437,858**	193,488
Directors' loan accounts	**1,788,670**	4,293,702
	2,226,528	4,487,190

17 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2008	2007
	£	£
Amounts payable within 1 year	**299,598**	203,504
Amounts payable between 1 and 2 years	**216,923**	130,145
Amounts payable between 3 and 5 years	**220,935**	63,343
	737,456	396,992

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

18 Commitments under operating leases

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	**-**	**1,544**	102,500	865
Within 2 to 5 years	**216,000**	**59,902**	108,500	21,949
After more than 5 years	**486,000**	**31,616**	57,500	52,468
	702,000	**93,062**	268,500	75,282

19 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
Mukadam Gray Partnership LLP

During the year Licensed Wholesale Company Limited sold goods amounting to £3,162,779 (2007: £3,179,971) to Dorbiere Limited. The company also purchased goods and services from Dorbiere Limited amounting to £3,992,946 (2007: £3,305,822). Dorbiere Limited is related through common ownership.

At 30 September 2008 the company was owed £338,820 (2007: £267,458) by Dorbiere Limited included in trade debtors and £nil (2007: £290,437) by Dorbiere Directors' Benefit Pension Scheme, included in other debtors.

At the same date the company owed £588,793 (2007: £368,322) to Dorbiere Limited, included in trade creditors. At the same date the company owed £281,459 (2007: £281,459) to Sunset Drinks Limited, included in other creditors.

During the year the company paid rents to Dorbiere Directors' Pension Scheme which amounted to £158,662 (2007: £277,375). Dorbiere Directors' Pension Scheme is related as it is a retirement benefit scheme for the benefit of employees of the entity.

During the year the company paid rents to Mukadam Gray Partnership LLP which amounted to £402,790 (2007: £nil). The company sold land and buildings to Mukadam Gray Partnership LLP during the year with a net book value of £4,057,488 for £3,835,000 resulting in a loss on disposal of £222,488. Included in other debtors at 30 September 2009, was £798,955 (2007: £nil) due from Mukadam Gray LLP. Mukadam Gray LLP is related as its members are retirement benefit schemes for the benefit of employees of the entity.

20 Share capital

Authorised share capital:

	2008 £	2007 £
1,000,000 Ordinary shares of £1 each	**1,000,000**	1,000,000

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary Class A shares of £1 each	**20,001**	**20,001**	20,001	20,001
Ordinary Class B shares of £1 each	**20,000**	**20,000**	20,000	20,000
Ordinary Class C shares of £1 each	**5,333**	**5,333**	5,333	5,333
	45,334	**45,334**	45,334	45,334

21 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 October 2007	21,335	4,231,241
Loss for the year	-	(65,208)
Equity dividends paid	-	(20,000)
At 30 September 2008	21,335	4,146,033

22 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/profit for the financial year	(65,208)	449,891
Equity dividends paid	(20,000)	(35,000)
Net (reduction)/addition to shareholders' funds	(85,208)	414,891
Opening shareholders' funds	4,297,910	3,883,019
Closing shareholders' funds	4,212,702	4,297,910

23 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	2007 £
Operating profit	408,852	1,217,582
Amortisation	134,000	74,000
Depreciation and impairment	726,836	661,755
Loss on disposal of fixed assets	203,838	3,322
Increase in stocks	(441,348)	(854,271)
(Increase)/decrease in debtors	(1,273,511)	448,889
Increase/(decrease) in creditors	1,365,507	(810,962)
Net cash inflow from operating activities	1,124,174	740,315

23 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
Increase/(decrease) in cash in the period	**1,319,308**	(491,918)
Cash outflow in respect of hire purchase	**79,550**	222,627
Cash inflow from directors' long-term loans	**(1,329,968)**	(1,832,614)
Change in net debt resulting from cash flows	**68,890**	(2,101,905)
New finance leases	**(420,014)**	(296,577)
Non-cash adjustment to Directors loans	**3,835,000**	–
Movement in net debt in the period	**3,483,876**	(2,398,482)
Net debt at 1 October 2007	**(7,454,259)**	(5,055,777)
Net debt at 30 September 2008	**(3,970,383)**	(7,454,259)

Analysis of changes in net debt

	At 1 October 2007 £	Cash flows £	Other changes £	At 30 September 2008 £
Net cash:				
Cash in hand and at bank	10,458	800	–	11,258
Overdrafts	(2,774,023)	1,318,508	–	(1,455,515)
	(2,763,565)	1,319,308	–	(1,444,257)
Debt:				
Debt due after 1 year	(4,293,702)	(1,329,968)	3,835,000	(1,788,670)
Finance leases	(396,992)	79,550	(420,014)	(737,456)
	(4,690,694)	(1,250,418)	3,414,986	(2,526,126)
Net debt	(7,454,259)	68,890	3,414,986	(3,970,383)

24 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £120,000 (2007 - £249,446).

25 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 (2007 : £Nil) and distributions made during the year were £Nil (2007 : £Nil).

In accordance with FRS 5 - "Reporting the Substance of Transactions", trust assets of £Nil (2007 : £Nil) have been incorporated into the company's balance sheet.

26 Controlling party

The ultimate controlling parties are R M Gray and E K Mukadam.