

Company registration number 07677007 (England and Wales)

**LWC DRINKS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

# LWC DRINKS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R M Gray E K Mukadam
<b>Secretary</b>	M P Cowen
<b>Company number</b>	07677007
<b>Registered office</b>	Greenside Way Middleton Manchester M24 1SW
<b>Auditor</b>	Royce Peeling Green Limited The Copper Room Deva City Office Park Trinity Way Manchester M3 7BG

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# LWC DRINKS LIMITED

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# LWC DRINKS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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The directors present the strategic report for the year ended 30 September 2023.

### **Fair review of the business**

The financial year ended 30th September 2023 saw the company expand its operations considerably with the acquisition of five new depots and Hills Prospect Holdings Ltd. Our expanded portfolio allows us to better serve our customer base throughout the country. Post year end, we have also acquired a further site in the Cardiff area, and have agreed to purchase a new site in Merseyside. This will allow us to trade from over 1.3 million square feet of space, allowing us the flexibility and space to make our operations as effective and efficient as possible.

Most recently, on 25th May 2024, we have acquired the wholesaling division of Glamorgan Brewing Ltd by purchasing the entire share capital of GBC Topco Limited, a wholesaler operating in Glamorgan and the South Wales area. The impact of that acquisition will be detailed in the September 2024 report and accounts.

### **Our strategy**

We continue to review and update our strategy in four key areas of the business – our people, our operations, our finances and our environmental responsibilities.

### **Our people**

We have continued to deal with the cost-of-living challenges that affect all of our employees.

As has been widely reported, the impact of changes in the labour force led to increased competition and challenges in recruiting and retaining staff in critical areas of the business. We have adapted our policies to ensure that recruitment and retention of key skilled employees was a priority and we have successfully increased the average number of employees in the business from 1,199 to 1,344. We continue to ensure that our employees receive a competitive remuneration.

During the year, the company launched its first Employee Resource Group, 'LWC's Women's Network' to support, inspire and develop women across the business and our wider industry, whilst also favourably updating our parental leave policy. We also launched Cheers! our employee benefits portal which recognises and rewards the hard work of everyone at LWC Drinks Ltd, through employee-to-employee recognition and offers a range of employee discounts across a variety of businesses and services. The platform has also allowed us to better communicate with those harder to reach 'offline' colleagues in our distribution teams.

### **Operational response**

During the financial year, we have opened our 58,000 sq ft site in Doncaster and also acquired new sites in Hereford, Andover and Aylesbury, and expanded our presence in Leeds and Eastbourne.

On 31st August 2023, we acquired the assets and share capital of Hills Prospect plc, a strategic move to allow us to better serve our growing customer base in the South East.

This acquisition and new sites will continue to benefit the business as the size of our business continues to grow in the future. We now operate from 1.3m sq ft of space.

We have invested heavily in new operational systems during the year, rolling out a Warehouse Management System throughout our depots, This will enable us to improve live visibility of our company and hence our cost control and profitability.

Our other challenges revolve around continuous engagement with our customer base, and our supplier network. The challenges of driver and labour engagement were managed successfully through the period to ensure our growth was appropriately resourced.

# LWC DRINKS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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### **Financial response**

As noted above, we have invested heavily in new depots and businesses to grow LWC Drinks for the long term future. In order to fund these acquisitions, we were delighted to agree an extension to our credit facilities with the Royal Bank of Scotland / Nat West. This gives us freedom to draw down a facility up to £30m should we require it. We are satisfied that the company is in a strong financial position and is able to meet liabilities as they fall due.

### **Environmental response**

We are committed to improving our environmental impact and have invested in a number of projects during the year. We have launched an Environmental Social Governance Committee comprising a number of employees across all disciplines within the business.

We recognise the impact and role that the company plays as a corporate citizen, and the committee has started to set out key focus areas and priorities and began implementing strategies to support these.

The committee are looking at the three main pillars of ESG – Environmental, Social Policy and Governance. Projects under consideration include:-

#### Environmental

- Energy efficient facilities
- Solar panelling
- Renewable energy contracts
- Packaging review
- Waste management and recycling
- Vehicle procurement
- Fuel Sources

#### Social Policy

- Training and Development of employees
- Community engagements
- Communications with internal and external stakeholders
- Marketing
- Ethical investments

#### Governance

- Regulatory reporting
- Ethical Marketing and Sales Practices
- Diversity and Inclusion policy

Our Streamlined Energy & Carbon Report (SECR) is detailed in the Directors' report which follows. We are continually investing in our commercial vehicles, ensuring that the older, more polluting vehicles are replaced by modern efficient delivery vehicles as soon as it is prudent to do so. All new vehicles being purchased for our car fleet are hybrid or fully electric and charging points are being installed at all company locations. We aim to replace all petrol/diesel vehicles in the next five years.

We are committed to introducing solar panels and heat pumps to as many of our sites as practical.

### **Future opportunities and challenges**

Our business remains robust to meet any new challenges, whether from specific industry issues or other market led changes. The business will continue to focus heavily on managing its margins and cost base, particularly in light of increased risks and inflationary pressures across the industry. We are grateful to our staff, customers, and suppliers during the year for their continuing support and look forward to enjoying a successful year together.

# LWC DRINKS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### Principal risks and uncertainties

The execution of business strategy combined with the day-to-day management of the business are subject to a number of business and financial risks.

### Business risk

The business operates within a fast paced market with the key risks relating to competition, liquidity of our customer and supplier base, product availability, employee recruitment and retention and exchange rate fluctuations. We continue to be mindful of the impact of inflation on the cost and availability of goods we source, and continue to use strategies to minimise the risks to the company. The impact of spending power within the wider economy has been well documented and remains a key risk to the entire hospitality industry.

### Financial risk management

The business, continues to generate healthy cash balances due to its continued focus on cash conversion, therefore mitigating the threat of liquidity and interest risk.

The business continues with its current policies of ensuring that all appropriate credit checks are performed on all potential new customers, and existing customers are monitored in line with company policies.

### Credit risk

The company's principal financial assets are cash and trade debtors. Trade debtors are managed in respect of credit and cash flow risk by policies that require appropriate credit checks on customers to ensure credit limits and trading terms are appropriate.

### Liquidity risk

Management reviews cash forecasts on a daily, weekly and monthly basis to ensure that the company is able to meet all of its financial obligations. Stress testing of assumptions made in these forecasts are robustly performed.

### Key performance indicators

Our Key performance indicators continue to be monitored in weekly analysis and monthly management accounts and include revenue and margin per depot, sales and product mix analysis, service levels, cost control and the Balance Sheet.

### Section 172 (1) statement

The directors of the company confirm that they have acted in a way that they consider to be in good faith, and to promote the success of the company for the benefit of all stakeholders. In doing so, they have regard (amongst other matters) to the issues below:-

- a. The interests of the company's employees
- b. The business relationships with our customers, suppliers and others
- c. The impact of the company's operations on the environment and the communities in which we operate
- d. The reputation of the company with regard to its standards of business conduct
- e. The need to act fairly between all stakeholders of the company

The directors understand the need to act fairly between employees and the company. Regular meetings and annual reviews ensure that our employees have the ability to raise suggestions and issues. The company has invested in the health and safety of all of its stakeholders – employees, customers, suppliers and others – to provide safe and welcoming environment to engage with the company.

Maintaining strong and effective relationships with our supplier base is critical to the success of the business. The directors and colleagues keep in constant contact with our suppliers to provide information when required, and acting on any feedback or concerns.

On behalf of the board

E K Mukadam  
Director

27 June 2024

# **LWC DRINKS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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The directors present their annual report and financial statements for the year ended 30 September 2023.

### **Principal activities**

The principal activities of the company are retailing and wholesaling wines, spirits and beers and the production of own brand products.

### **Results and dividends**

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were:

R M Gray

E K Mukadam

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance. There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Royce Peeling Green Limited be reappointed as auditor of the company will be put at a General Meeting.

# LWC DRINKS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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### Energy and carbon report

As the Government continues to focus on its 2050 Net Zero carbon target, UK businesses will need to demonstrate dedication to decarbonisation. LWC Drinks Ltd has committed to adopting sustainable practices and reducing their carbon impact on the environment. By reducing its carbon emissions the company hope to provide a greener future for their employees and clients, as well as the public.

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the company has prepared a Streamlined Energy & Carbon Report (SECR) for the previous financial year. By measuring and reporting the environmental performance of the business, direct benefits such as lower energy consumption and reduced resource costs can be realised, as well as allowing the business to demonstrate itself as a leader of sustainable practices within the drinks industry.

The company's total energy consumption for this financial year was 26,460 MWh, resulting in gross carbon emissions of 6,176 tCO<sub>2</sub>e. These figures correspond to a 65% increase in both total energy consumption and gross emissions when compared to the previous reporting year. Emissions from transport fuels has increased by 67%, from 3,261 tCO<sub>2</sub>e to 5,456 tCO<sub>2</sub>e, whilst depot emissions increased by 44% from 499 tCO<sub>2</sub>e to 720 tCO<sub>2</sub>e. This growth in carbon impact reflects the extent to which the business has grown during this period, with operations expanding and multiple new depots opening.

Carbon intensity is a method used to compare the annual emissions of a business while accounting for changes in operations. Carbon emissions are normalised against a business performance metric such as business turnover. Whilst the company's turnover has increased significantly from £530m to £610m since the previous financial year, our carbon intensity increased from 7.11 tCO<sub>2</sub>e/£m to 9.77 tCO<sub>2</sub>e/£m in 2023, showing that emissions have increased considerably more than business turnover.

The operational effects of the COVID-19 pandemic in the 2020/2021 financial year caused a significant decrease in energy consumption and therefore annual carbon emissions as seen in Figure 1. As the company has recovered from the pandemic, there is a noticeable increase in annual carbon emissions. This trend is expected to continue as LWC Drinks continues to expand its operations. Figure 2 shows the business' total carbon emissions broken down by resource. The graph highlights that the majority of the company's carbon emissions are a result of fuel consumption in transport operations, amounting to 90% of the total.

**LWC DRINKS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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*Quantification and reporting methodology*

## **LWC DRINKS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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*Measures taken to improve energy efficiency*

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **LWC DRINKS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2023***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Other information**

In accordance with s414 (c) 11 of the Companies Act 2006, the directors have chosen to present certain information relevant to Large & Medium sized companies in the Strategic Report.

On behalf of the board

E K Mukadam  
**Director**

27 June 2024

# LWC DRINKS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LWC DRINKS LIMITED

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### Opinion

We have audited the financial statements of LWC Drinks Limited (the 'company') for the year ended 30 September 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# LWC DRINKS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LWC DRINKS LIMITED (CONTINUED)

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how management seek to comply with them. This helps us to make appropriate risk assessments.
- During the audit we focus on relevant risk areas and review compliance with laws and regulations through making relevant enquiries and corroboration by, for example, reviewing Board Minutes and other documentation.
- We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:
  - I. Review of controls set in place by management
  - II. Enquiry of management as to whether they consider fraud or other irregularities may have occurred or where such opportunity might exist
  - III. Challenge of management assumptions with regard to accounting estimates
  - IV. Identification and testing of journal entries, particularly those which may appear to be unusual by size or nature.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **LWC DRINKS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LWC DRINKS LIMITED (CONTINUED)**

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Martin Chatten**  
**Senior Statutory Auditor**  
**For and on behalf of Royce Peeling Green Limited**

27 June 2024

**Chartered Accountants**  
**Statutory Auditor**

The Copper Room  
Deva City Office Park  
Trinity Way  
Manchester  
M3 7BG

## LWC DRINKS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
	Notes	£	£
<b>Turnover</b>	<b>3</b>	609,929,755	529,871,260
Cost of sales		(481,201,371)	(426,686,434)
<b>Gross profit</b>		<u>128,728,384</u>	<u>103,184,826</u>
Administrative expenses		(90,615,596)	(73,800,449)
<b>Operating profit</b>	<b>4</b>	<u>38,112,788</u>	<u>29,384,377</u>
Interest receivable and similar income		177,207	187,517
Interest payable and similar expenses	<b>10</b>	(282,889)	(417,649)
Change in fair value of investments	<b>9</b>	(497)	(918,655)
<b>Profit before taxation</b>		<u>38,006,609</u>	<u>28,235,590</u>
Taxation	<b>11</b>	(9,457,551)	(6,001,460)
<b>Profit for the financial year</b>		<u><u>28,549,058</u></u>	<u><u>22,234,130</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# LWC DRINKS LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	13		4,259,095		5,304,907
Tangible assets	12		78,299,208		58,388,548
Investments	14		49,996,157		14,420
			<u>132,554,460</u>		<u>63,707,875</u>
<b>Current assets</b>					
Stocks	16	51,499,417		37,379,647	
Debtors	17	62,227,308		48,791,674	
Cash at bank and in hand		969,178		16,373,428	
		<u>114,695,903</u>		<u>102,544,749</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(100,806,681)</u>		<u>(71,345,697)</u>	
<b>Net current assets</b>			<u>13,889,222</u>		<u>31,199,052</u>
<b>Total assets less current liabilities</b>			<u>146,443,682</u>		<u>94,906,927</u>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(30,887,974)</u>		<u>(9,761,792)</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	22	4,688,362		2,826,847	
		<u>(4,688,362)</u>		<u>(2,826,847)</u>	
<b>Net assets</b>			<u>110,867,346</u>		<u>82,318,288</u>
<b>Capital and reserves</b>					
Called up share capital	23		1		1
Profit and loss reserves			<u>110,867,345</u>		<u>82,318,287</u>
<b>Total equity</b>			<u>110,867,346</u>		<u>82,318,288</u>

The financial statements were approved by the board of directors and authorised for issue on 27 June 2024 and are signed on its behalf by:

E K Mukadam  
Director

Company registration number 07677007 (England and Wales)

## LWC DRINKS LIMITED

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 October 2021</b>	1	60,084,157	60,084,158
<b>Year ended 30 September 2022:</b>			
Profit and total comprehensive income	-	22,234,130	22,234,130
<b>Balance at 30 September 2022</b>	1	82,318,287	82,318,288
<b>Year ended 30 September 2023:</b>			
Profit and total comprehensive income	-	28,549,058	28,549,058
<b>Balance at 30 September 2023</b>	1	110,867,345	110,867,346

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# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies

#### Company information

LWC Drinks Limited is a private company limited by shares incorporated in England and Wales. The registered office is Greenside Way, Middleton, Manchester, M24 1SW.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of opening/ closing number of shares;
- Section 7 'Statement of Cash Flows';
- Section 11 'Basic Financial Instruments';
- Section 12 'Other Financial Instrument Issues'; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Licensed Wholesale Company Limited which are available from Companies House.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	0.3% - 10% straight line
Land and buildings Leasehold	over the period of the lease
Leasehold property	20 - 25% straight line
Fixtures, fittings & equipment	14 - 33% straight line
Motor vehicles	25% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies (Continued)

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies

(Continued)

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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 company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, loans and loans from related parties and fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies (Continued)

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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### 1 Accounting policies (Continued)

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.17 Liability limitation agreement

The company has entered into a liability limitation agreement with Royce Peeling Green Limited, the statutory auditor for the year ended 30 September 2023. The proportionate liability agreement follows the standard terms in Appendix B to the FRC's June 2008 Guidance on Auditor Liability Agreements, and has been approved by the shareholders.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both periods.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Depreciation and amortisation***

The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made as to the estimated useful life of the assets; these are regularly reviewed to reflect the changing environment.

#### ***Stock provision***

The provision is based on a review of old/ slow moving stock lines and the estimated realisation of that stock. The estimated realisation is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

#### ***Bad debt and customer loan provision***

The bad debt and customer loan provision is based on a review of old/slow paying customer balances/loans and the estimated recoverability of those balances. Estimated recoverability is based on past experience and subsequent recovery after the year end. These judgements are regularly reviewed to reflect the changing environment.

#### ***Purchase rebates/overrides***

Provision for purchase rebates and overrides are based on estimated amounts due based on quantities purchased during the year. The estimated recoverability is based on past experience and amounts subsequently recovered after the year end. These judgements are regularly reviewed to reflect the changing environment.

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
From principal activities, entirely in the UK	609,929,755	529,871,260
	<u>609,929,755</u>	<u>529,871,260</u>

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	55,000	47,500
Depreciation of owned tangible fixed assets	6,363,593	4,522,834
Depreciation of tangible fixed assets held under finance leases	-	1,174
Profit on disposal of tangible fixed assets	(563,145)	(220,684)
Amortisation of intangible assets	1,045,812	1,045,812
Operating lease charges	670,102	769,443
	<u>670,102</u>	<u>769,443</u>

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	55,000	47,500
	<u>55,000</u>	<u>47,500</u>

### 6 Employees

The average monthly number of persons (including directors) employed during the year was:

	2023	2022
	Number	Number
Directors	2	2
Head office	117	100
Depots	1,225	1,097
	<u>1,344</u>	<u>1,199</u>
Total	<u>1,344</u>	<u>1,199</u>

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	46,423,124	39,509,761
Social security costs	4,839,473	3,979,658
Pension costs	995,581	730,680
	<u>52,258,178</u>	<u>44,220,099</u>

### 7 Retirement benefit schemes

	2023	2022
	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>995,581</u>	<u>730,680</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 8 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	<u>270,088</u>	<u>492,669</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	<u>270,088</u>	<u>492,669</u>

### 9 Other gains/ (losses)

	2023	2022
	£	£
Loss on disposal of investments held at fair value	<u>(497)</u>	<u>(918,655)</u>

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 10 Interest payable and similar expenses

	2023 £	2022 £
Interest on finance leases and hire purchase contracts	81,734	103,720
Other interest	201,155	313,929
	<u>282,889</u>	<u>417,649</u>

### 11 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	7,596,036	4,442,400
	<u>7,596,036</u>	<u>4,442,400</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,861,515	1,184,886
Changes in tax rates	-	374,174
	<u>1,861,515</u>	<u>1,559,060</u>
Total deferred tax	1,861,515	1,559,060
	<u>1,861,515</u>	<u>1,559,060</u>
Total tax charge	9,457,551	6,001,460
	<u>9,457,551</u>	<u>6,001,460</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	38,006,609	28,235,590
	<u>38,006,609</u>	<u>28,235,590</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	8,361,454	5,364,762
Tax effect of expenses that are not deductible in determining taxable profit	181,969	10,698
Effect of change in corporation tax rate	263,601	374,174
Depreciation on assets not qualifying for tax allowances	494,604	431,025
Amortisation on assets not qualifying for tax allowances	209,729	181,129
ACA super deduction	(53,806)	(360,328)
	<u>9,457,551</u>	<u>6,001,460</u>
Taxation charge for the year	9,457,551	6,001,460
	<u>9,457,551</u>	<u>6,001,460</u>

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 12 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 October 2022	42,453,069	7,563,443	5,432,401	11,997,068	15,127,419	82,573,400
Additions	13,111,462	4,129,900	1,320,835	3,022,115	5,117,848	26,702,160
Disposals	(255,586)	(306,385)	(10,078)	(499,553)	(1,131,369)	(2,202,971)
At 30 September 2023	55,308,945	11,386,958	6,743,158	14,519,630	19,113,898	107,072,589
<b>Depreciation and impairment</b>						
At 1 October 2022	1,613,596	1,513,939	3,289,158	8,067,759	9,700,400	24,184,852
Dep'n charged in year	690,610	340,656	950,457	1,947,930	2,433,940	6,363,593
Disposals	(9,267)	(215,670)	(9,824)	(489,179)	(1,051,124)	(1,775,064)
At 30 September 2023	2,294,939	1,638,925	4,229,791	9,526,510	11,083,216	28,773,381
<b>Carrying amount</b>						
At 30 September 2023	53,014,006	9,748,033	2,513,367	4,993,120	8,030,682	78,299,208
At 30 September 2022	40,839,473	6,049,504	2,143,243	3,929,309	5,427,019	58,388,548

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2023 £	2022 £
Leasehold property	384,128	385,301

### 13 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 October 2022 and 30 September 2023	11,663,677
<b>Amortisation and impairment</b>	
At 1 October 2022	6,358,770
Amortisation charged for the year	1,045,812
At 30 September 2023	7,404,582
<b>Carrying amount</b>	
At 30 September 2023	4,259,095
At 30 September 2022	5,304,907

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 14 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	15	49,981,737	-
Unlisted investments		14,420	14,420
		<u>49,996,157</u>	<u>14,420</u>

### Movements in fixed asset investments

	Shares in group undertakings	Other investments	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 October 2022	-	14,420	14,420
Additions	49,981,737	-	49,981,737
At 30 September 2023	<u>49,981,737</u>	<u>14,420</u>	<u>49,996,157</u>
<b>Carrying amount</b>			
At 30 September 2023	<u>49,981,737</u>	<u>14,420</u>	<u>49,996,157</u>
At 30 September 2022	<u>-</u>	<u>14,420</u>	<u>14,420</u>

On 31 August 2023 the company acquired 100% of the equity in Hills Prospect Holdings Limited, the parent undertaking of Hills Prospect PLC, an independent drinks distributor based in the South East of England.

Full details of the acquisition are included in the consolidated financial statements of Licensed Wholesale Company Limited, the group's parent undertaking.

### 15 Subsidiaries

Details of the company's subsidiaries at 30 September 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
H.T. White & Company Limited UK		Non-trading	Ordinary	100.00	
Hills Prospect Holdings Limited UK		Retail and Wholesale	Ordinary	100.00	

### 16 Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>51,499,417</u>	<u>37,379,647</u>

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

17 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	48,792,114	36,707,843
Other debtors	10,471,180	9,911,904
Prepayments and accrued income	2,964,014	2,171,927
	<u>62,227,308</u>	<u>48,791,674</u>

18 Creditors: amounts falling due within one year	2023	2022
Notes	£	£
Bank loans and overdrafts	20 5,715,936	-
Obligations under finance leases	21 22,460	19,962
Other related party borrowings	20 1,637,417	-
Trade creditors	56,690,961	47,450,496
Amounts owed to group undertakings	11,983,566	-
Corporation tax	(343,841)	1,942,400
Other taxation and social security	9,287,725	8,286,651
Other creditors	8,850,323	6,361,667
Accruals and deferred income	6,962,134	7,284,521
	<u>100,806,681</u>	<u>71,345,697</u>

The company has an invoice discounting facility which is secured by way of a fixed and floating charge over the company's property and assets. The facility in use at the year end was £5,615,061 is included within bank overdrafts and loans at 30 September 2023 (2022: balance in credit and included within cash and bank of £2,114,007).

Other than as set out in Note 27, amounts owed to group undertakings and related parties (other than finance leases), are unsecured, interest free and repayable on demand.

19 Creditors: amounts falling due after more than one year	2023	2022
Notes	£	£
Obligations under finance leases	21 121,729	144,189
Other related party borrowings	16,536,141	-
Amounts due to group undertakings	9,617,604	9,617,603
Other creditors	4,612,500	-
	<u>30,887,974</u>	<u>9,761,792</u>

Amounts due to group undertakings have no fixed date of repayment, whilst technically repayable on demand it has been confirmed that repayment will not be required within 12 months of the balance sheet date; these amounts are unsecured and interest free.

## LWC DRINKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 20 Loans and overdrafts

	2023	2022
	£	£
Bank overdrafts	5,715,936	-
Loans from group undertakings	10,112,808	-
Loans from related parties	8,060,750	-
	<u>23,889,494</u>	<u>-</u>
Payable within one year	7,353,353	-
Payable after one year	<u>16,536,141</u>	<u>-</u>

#### 21 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	36,000	36,000
In two to five years	144,000	144,000
In over five years	-	36,000
	<u>180,000</u>	<u>216,000</u>
Less: future finance charges	<u>(35,811)</u>	<u>(51,849)</u>
	<u>144,189</u>	<u>164,151</u>

Finance lease payments represent rentals payable by the company for certain properties. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average residual lease term is 6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

#### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023	Liabilities 2022
	£	£
<b>Balances:</b>		
Accelerated capital allowances	4,690,791	2,828,627
Retirement benefit obligations	<u>(2,429)</u>	<u>(1,780)</u>
	<u>4,688,362</u>	<u>2,826,847</u>

# LWC DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 22 Deferred taxation (Continued)

	2023
	£
<b>Movements in the year:</b>	
Liability at 1 October 2022	2,826,847
Charge to profit or loss	1,861,515
Liability at 30 September 2023	<u>4,688,362</u>

Deferred tax has been calculated at 25% at the balance sheet date on the basis that the legislation was substantially enacted at that time.

### 23 Share capital

	2023	2022
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

### 24 Financial commitments, guarantees and contingent liabilities

The company's bank borrowing facilities are secured by way of cross-guarantee between the following related parties: Licensed Wholesale Company Limited, Dorbier Limited and Robinrate Limited, and by a first legal charge over a number of the properties owned by these entities. The company has similarly cross guaranteed the bank borrowings of those entities. The amount outstanding under these facilities at 30 September 2023 was £Nil (2022: £Nil).

### 25 Operating lease commitments: lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	998,596	422,473
Between two and five years	5,322,909	1,037,529
In over five years	13,437,732	1,338,333
	<u>19,759,237</u>	<u>2,798,335</u>

### 26 Directors' transactions

Dividends totalling £0 (2022 - £0) were paid in the year in respect of shares held by the company's directors.

At 30 September 2023, the company owed £492,342 (2022: £1,841,867) to the Directors.

## LWC DRINKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 27 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 and has not disclosed transactions and balances with wholly owned group undertakings.

Other creditors includes balances with the following related parties:

On 31 July 2023 the company received a loan of £10,000,000 from Dorbieri Limited, now a fellow group undertaking, previously a company under common control. The loan is repayable on demand, bears interest at 1.5% above the Registered Pension Schemes (Prescribed Interest Rates for Authorised Employer Loans) Regulations 2005 and is secured. During the prior year, LWC Drinks Limited repaid a loan of £4,500,000 to Dorbieri Limited. During the year interest charges of £112,808 (2022: £97,832) were incurred in respect of these loans. At 30 September 2023, LWC Drinks Limited owed £11,633,447 (2022: £996,926) to Dorbieri Limited and was owed £437,252 (2022: £398,069 ) by Dorbieri Limited.

On 1 August 2023 the company received a loan of £8,200,000 from the Dorbieri Directors Pension Benefit Scheme. The loan is repayable in equal monthly instalments over a period of five years, bears interest at 1.5% above the Registered Pension Schemes (Prescribed Interest Rates for Authorised Employer Loans) Regulations 2005 and is secured. During the year interest charges of £88,347 (2022: £nil) were incurred in respect of this loan. During the prior year the company prepaid six years property rental charges amounting to £989,400 to the Dorbieri Directors Pension Benefit Scheme. The Directors are beneficiaries of the Scheme.

#### 28 Ultimate controlling party

Licensed Wholesale Company Limited is considered to be the ultimate parent company. Consolidated financial statements for Licensed Wholesale Company Limited are available from Companies House.

The ultimate controlling parties of Licensed Wholesale Company Limited are R M Gray and E K Mukadam.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.