

SEDGEMOOR DRINKS AND ASPEN WAITE PROUDLY PRESENTTHE

Pblquationon

I would like to welcome you to the first issue of a dedicated newsletter for the licensed trade, I hope you like the play on words in the title. I am indebted to the support of my assistant Tim Champion for the appropriate but creative design.

Aspen Waite and Sedgemoor Drinks are independent firms with years of experience in this sector. Aspen Waite acts as accountants and advisors for some 70 pubs as well as other related businesses

Supported by our advice, tax and business planning Sedgemoor Drinks has become one of the leading independent suppliers of wholesale drinks and products in the South West of England.

Both firms enjoy a reputation for nothing being too much trouble and a quality and personal service.

We have now joined forces to deliver what we trust will be a useful service to all readers.

We have obtained the support of relevant professionals to ensure a wide range of services can be offered from people we trust. Our intention is to produce a newsletter at least twice a year with the next being a Xmas feature.

In my editorial I will cover points I consider to be of relevance including issues in the trade where hopefully my experience can be of benefit to readers.

One issue I have come across on several occasions recently is the absence of a formal partnership agreement in many partnerships. This can cause substantial difficulty where a relationship turns sour or one of the partners wants to exit.

I am dealing with three such cases at the moment with one being particularly troublesome. The dispute is now into its second year and the matter is still not resolved.

A formal partnership agreement regulates the way the business is run and provides for clear direction upon exit or retirement.

The counterpart of this for a limited company is a share holders agreement. Unless you are in a husband and wife run business I would strongly recommend that you get an appropriate agreement put into place.

The messages in the economy are mixed at present and business confidence is fragile. Interest rates will remain low probably well into 2010 after which I expect rates to rise relatively sharply.

Freehold property prices are depressed and pub values can be as much as 30% lower than at their peak.

There is sound evidence that the market has settled down but it may take at least 5 years for full values to return.

The banks appetite for lending remains limited and many businesses are being starved of capital. The production of good timely information helps tremendously when dealing with one's banker.

Aspen Waite enjoys a reputation for producing arguably the highest quality management information for clients in the market place.

This includes profit and cashflow forecasts, projected balance sheets and management accounts.

We specialise in helping businesses to grow but our skills also extend to helping businesses to turnaround.

I hope you like the newsletter and we would be pleased to receive constructive feedback by e-mailing paul@aspen-waite.co.uk.

Our menu of services is enclosed and remember we are always here to help!

Our leading feature in this edition spotlights on long standing clients of ours Tony and Christine Green owners of the historic Half Moon Inn at Sheepwash. Tony and Chris offer a great front of house service with food and drink to die for. A visit is well worth the drive.

PAUL WAITE FCA FCCA



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INDEPENDENT SUPPLIERS OF DRINKS TO THE LICENSED TRADE

What a year we have had! Despite the recession Sedgemoor Drinks is proud to announce a significant growth in trade. This growth led us to become incorporated in February 2009 under the invaluable guidance and advice from Paul Waite.

We are now one of the largest *truly independent* wholesale suppliers of drinks to the licensed trade in the South West. Our growth has come from all areas of our business whether it be Keg Beer and Cider, Cask Ales, Wines, Spirits or Soft Drinks. Cider, in particular, has shown a significant growth in trade.



Sedgemoor Drinks has always prided itself on the service it offers and with our continued growth this is something that we strive to maintain.

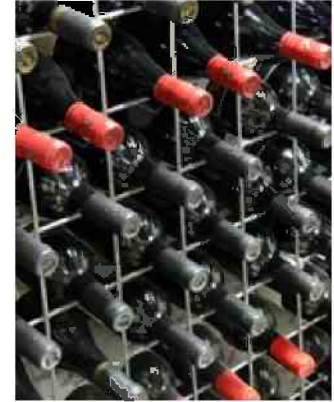
We have built our reputation on service, product range, flexibility and reliability. We deliver to Somerset, Dorset and Devon offering same day service to many areas.

This level of service together with the product range available in the depot for immediate dispatch is a service that sets us apart from our competitors.

One warehouse grew into two and two has now grown into three! With the extra warehouse space we are able to keep the business running efficiently and keep a close eye on stock control.

Running parallel with our growth has been the need to employ more staff and the recession has helped us here in that there are always plenty of applicants to choose from! We now employ a full time credit control officer and depot manager both of whom have brought considerable expertise to the business.

As well as supplying the licensed trade we take great pleasure in offering the same product range to an increasing number of Corporate and private clients.



Stephen Wey's passion for wine, in particular, has been developed over many years. Great care has been taken in sourcing our many exclusive wines and these include a range of French and Chilean wines for which we can design your personal label.

We are now able to offer a Champagne with this service as well.

Despite the economic 'down turn' we at Sedgemoor Drinks Ltd remain committed to driving the business forward and relish the prospect of serving our customers for many years to come.

LICENSED TRADE STOCK TAKERS

The Institute of Licensed Trade Stock Auditors was established over 50 years ago and is the only body in Britain which represents Licensed Trade Stock Auditors.



Good stock control is vital to the success of any business and the licensed trade is no exception.

Regular audits for publicans help them to maintain adequate levels of stock, minimise costs and maximise profit as well as highlighting any discrepancies that may occur.

Aspen Waite have had a close working relationship with I.L.T.S.A member Gerald Batt (F.I.L.S.A.) for many years and would highly recommend his services to any of our clients.

Although Gerald Batt is located in Somerset, we also have a relationship with one of the Directors, Mr Ron Foster, who has a full list of all ILTSA members and their contact details.

If you would like to find out more about this service or would like to be put in contact with one of our recommended stocktakers in *your* area, please contact Kate at the Taunton Office on 01823 259 393.



“A traditional English pub set in the picturesque village of Sheepwash, in the heart of the North Devon countryside.”

Tony and Chris Green have been the successful owners of the Half Moon Inn since December 2007 and have been clients of Aspen Waite not only throughout their time there, but also in their previous business.

We at Aspen Waite are very pleased to have Tony and Chris on our client list as they are lovely people to work with and it is obvious to see that they enjoy what they do and are dedicated to providing an excellent service to all of their customers.

Tony & Chris – The Half Moon Inn:

“A previous Accountant remarked that although we are excellent business operators – our bookkeeping left something to be desired! Since joining Aspen Waite, they have successfully created a system which suits us and our own records and provides them with an accurate report. The formula is simple and easy to operate. A further advantage for us is that Aspen Waite staff and management are a cheerful bunch to deal with and, at times, have met us socially – a nice touch!”

We are also pleased to say that their business is thriving through these hard times and that, by maintaining a close relationship with them, we can ensure that it will continue to do so.

As well as a warm friendly atmosphere, a large and varied menu of dishes home made from local produce and an excellent selection of beers and wines; the Half Moon Inn also boasts exclusive fishing rights to ten miles of the River Torridge along with thirteen pet friendly rooms for accommodation.

All of your needs are catered for at the Half Moon Inn, there is an abundance of local activities available.

So whether you are just popping in for a quiet drink, enjoying a mouth-watering meal, looking for accommodation in the area or even looking to have a go at some river fishing – Tony and Chris have got it covered!



For more information on the Half Moon Inn, or to make a booking or request a brochure - please visit their website at

<http://www.halfmoonsheepwash.co.uk>

BUCKING THE TREND.....

The effects of the smoking ban are still being felt throughout the industry as the non smokers filling pubs to the rafters has not happened leaving publicans dismayed and disillusioned with many being forced out of business.

Having witnessed the transformation myself it feels that the social scene has changed for the worse especially where team games such as darts, skittles and pool are played, half or most of the team are outside leaving the players on their own having little support and encouragement.

However we at Aspen Waite have clients in the trade that appear to be bucking the trend with new ideas and good old fashioned hard work.

Craig Jamieson at The Kings Head in Coleford and Andy Milton at The Castle Inn at Totnes are prime examples of a thriving business in the current environment.

Although both freehold they have good staff and a great work ethic but at the same time feel somewhat saddened by what is happening to their profession.

They have decided to take action and are prepared to help other publicans by offering their expertise on an advisory basis to anyone struggling within the trade.

I have seen the trade described as a dying one but as long as the industry has people like this working in it who are prepared to give their time to help others then there is a glimmer of hope for all involved.

For further information please call Carl Govier on 01823 259393



**The Cover You Want
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The Advice You Need**

The Licensed Trade industry has seen an increase in insurance premiums in the last 18 months.

This is not, as you may think, due to an increase in crime or arson but actually as a result of a rise in liability claims.

It seems the new “whiplash” claim is going to the local, perhaps having one too many and falling down.

Gone are the days that you wish to forget the whole embarrassing incident took place, rather now it is a quick call to the your local “No Win No Fee” solicitor, who then places a claim in against your insurance company, for injuries and inconvenience.

The increase in claims is not just your customers’ but employees as well, who injure themselves at work, either via a burn on an oven or a slip on the premises.

All claims are made for the magic word – Compensation.

As solicitors get involved claims awards increase and a solicitor’s fee on a small claim could be 4 times as much as the award paid to the injured party and your insurance company pay and, therefore, so do you.

Liability is all about legal negligence. It is about your duty of care to your customers and employees and any breach of that duty.

Examples of the most common claims include:

- Loose carpets or trailing electrical cables which individuals have tripped on
- Wet floors not coned following cleaning or a spillage

- Electric shocks from equipment causing burns

The best thing you can have in your possession is an insurance broker with qualified staff and a claims team who can give you the professional advice you need.

A sales team who will point out any electrical wiring clause and discuss health and safety procedures with you.

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CHEERS?

I am writing this piece on the day that I read that Pubs are closing at record rates and that the recession is far from over. However I met with a fund manager recently who talked very positively of the leisure sector and of the investments that he has made recently. This led me to consider the question; to invest or not to invest?

Investors in pretty much every asset class have felt the chill wind of recession; shares, property, bonds, cash – it's all been a bit of a mess. Of course we can't change the past; but can we learn from it? For those who are scratching their heads and wondering whether to invest, and, if so, when and where; the following information might be helpful.

Timing

The tables below show the precise duration and magnitude of the bull and bear markets in the UK over the last 40 years. The most compelling point is how rapidly the markets change, but also note both the greater average duration and scale of rises that have occurred in bull markets. However, it should be noted that these returns do not occur uniformly and there is continuous volatility; so much so that to miss the "best days" in the market can dramatically reduce returns.

Given that no one can hope to continually buy at the bottom and sell at the top of the market, timing is probably a major worry for most investors. Waiting for a bull market to implode, or bear market to correct before committing the whole lot in one go, borders on speculation. A strategy of drip feeding into the market (or cost averaging) is usually the most sensible, and often, most successful approach.

Risk

So what about risk and volatility? Well many believe they are one and the same thing. As far as risk is concerned I come from the old school which defines risk as the level of probability that you may lose a significant proportion (or all) of your investment.

In others words, investors need to understand the innate risk of any investment. Once this is done, then historic volatility is a good indicator (but not a guarantee) of how an investment is likely to perform within a given time period. Two contrasting examples of this are hedge funds and gilts.

Hedge funds

Notably larger, longer established multi-strategy and funds of hedge funds – had, until mid-2008, demonstrated track records which indicated a lower volatility, moderate risk investment. However the tidal wave of risk aversion, and sudden illiquidity of many of the underlying asset classes in which they invest, stifled their ability to trade; hence some quoted funds of hedge funds lost around half their value in a few short months.

Gilts

Are considered a risk free asset (barring government default, and the last time that happened was in 1594). However they have exhibited extreme volatility (rises and falls of 10% in one year have been the norm over the last few years and swings of 30% or more, although rarer, are not that unusual). This is an important factor to take into consideration, particularly if an investor has a short time horizon.

Summary

Whilst cash is considered pretty safe again (post the Icelandic blip) rates of return are not attractive, and with mounting debt the UK will probably see inflation return with a vengeance later in the year or next year.

What about property, shares and bonds – and the tax wrapper in which to Invest; pensions, ISA's, unit trusts, onshore and offshore bonds et al? Well the obvious answer is to talk to an Independent Financial Adviser; The Certus Partnership has a long association with Aspen Waite and would be delighted to meet you.

A Recent History of UK Bull Markets

	Months	Change %
9th November 1966 - 31st January 1969	27	106
27th May 1970 - 1st May 1972	23	100
13th December 1974 - 30th January 1976	13	179
27th October 1976 - 4th May 1979	30	145
15th November 1979 - 17th August 1981	22	55
28th September 1981 - 16th July 1987	69	365
10th November 1987 - 3rd January 1990	26	56
24th September 1990 - 11th May 1992	19	38
25th August 1992 - 2nd February 1994	17	70
24th June 1994 - 20th July 1998	49	99
5th October 1998 - 4th September 2000	23	48
12 March 2003 - 31st December 2007	57	83
Average	31	112

A Recent History of UK Bear Markets

	Months	Change %
31st January 1969 - 27th May 1970	16	-37
1st May 1972 - 13th December 1974	32	-73
30th January 1976 - 27th October 1976	9	-33
4th May 1979 - 15th November 1979	6	-23
17th August 1981 - 28th September 1981	1	-22
16th July 1987 - 10th November 1987	4	-37
3rd January 1990 - 24th September 1990	9	-22
11th May 1992 - 25th August 1992	3	-22
2nd February 1994 - 24th June 1994	5	-18
20th July 1998 - 5th October 1998	2	-25
4th September 2000 - 12th March 2003	30	-52
Average	10.6	-33