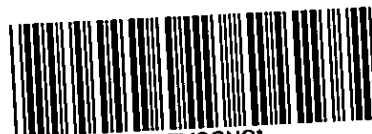


Registered number: 06574767

Direct Wines Holdings Limited  
Annual report and financial statements  
For the period ended 3 July 2015

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COMPANIES HOUSE

# **Direct Wines Holdings Limited**

## **Annual report and financial statements for the period ended 3 July 2015**

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## Company information

### Directors

A H G Laithwaite	President
B A Laithwaite	Co-Chairman
A J Porter	Co-Chairman
H J H Laithwaite	Non-executive
W W Laithwaite	Non-executive
T A E Laithwaite	Non-executive
A White	Non-executive
D A Thatcher	CEO
J W H Weir	CFO

### Registered office

One Waterside Drive  
Arlington Business Park  
Theale  
Berkshire  
RG7 4SA

### Bankers

Barclays Bank plc  
Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

HSBC  
Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Reading Central  
23 Forbury Road  
Reading  
RG1 3JH

### Solicitors

Olswang LLP  
Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

## **President and Co-Chairmen's Statement**

This year has seen continued focus on our three markets the UK, the USA and Australia. The rationalization of non-core businesses continued with completion of the formal disposal of our interests in Germany, Poland and Switzerland.

Our strategy is already beginning to show improved returns. Sales and customer numbers are increasing in all markets, and Group Operating Profit this year is £4.2m better than last year. Profit on ordinary activities before taxation has decreased from £10.2m to £6.7m, reflecting the exceptional profit on disposal in the prior year.

In the UK we have grown our customer base as a consequence of both improved recruitment marketing and increasing customer loyalty. Our UK revenues and EBITDA have grown year on year with the implementation of a sophisticated personalisation system to improve our customers' experience. We moved to new offices and continue to explore new opportunities to maintain and enhance this positive trajectory.

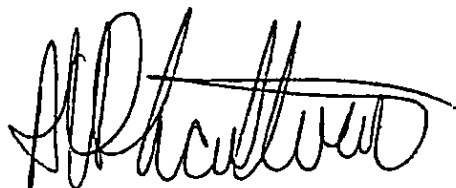
The US business continues to grow and we are confident that we will be able to successfully execute on a number of options for continued long-term growth in the future.

Our Australian business recorded record revenue. We are also using the resources of our Australian business to test the opportunity for a presence in Hong Kong and Taiwan, via a franchise model.

We continue to invest in wine production in Bordeaux, maintaining our unique position as producers as well as retailers of wine. In Australia we are about to see the first results from our new RedHeads wine-making studio in the Barossa Valley.

We recognise that exceptional service is a key part of what makes us different from our competitors, and we remain dedicated to serving our customers brilliantly. By continuing to attract and retain exceptionally talented colleagues, we ensure that we provide knowledgeable and responsive customer service with a genuine focus on what individual customers will enjoy drinking.

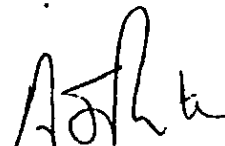
The last year has seen changes on the board. Simon McMurtrie stepped down as CEO in January. He was succeeded in the role by David Thatcher, formerly Managing Director of our UK business. Liz McMeikan left the board in January on the completion of an 8 year term as a Non Executive Director. Jimmy Weir joined us as Group CFO in March 2015, replacing Ed Coombs who served as interim CFO following the departure of Andrew Humphreys at the start of the financial year.



Tony Laithwaite  
President  
17 September 2015



Barbara Laithwaite  
Co-Chairmen  
17 September 2015



Angus Porter  
Co-Chairmen  
17 September 2015

## **Strategic report for the period ended 3 July 2015**

The directors present their strategic report on the group for the period ended 3 July 2015

### **Business review and principal activities**

The principal activity of the group is the importing and distribution of wines

The profit and loss account for the period is set out on page 9

Following a review of the accounting policy for revenue recognition, the directors have decided to change the approach for recognition of En Primeur sales to reflect more accurately the nature of the transaction. The impact of this reclassification on the Profit and Loss account and the Balance sheet is included in these financial statements and the impact is outlined in more detail on pages 9 and 10

The group's focus on our core markets (the UK, the USA and Australia) is showing good progress. Group operating profit (excluding discontinued operations) grew by £6m to £8.2m (2014: £2.2m)

The process of liquidating our European trading businesses (Laithwaites GmbH, Laithwaites AG and Direct Wines spl Zoo) is progressing. We are reviewing our joint venture investment in Wine Society of India Private Limited.

The directors were pleased to see the customer base grow in all markets, as the customer base is one of the key forward performance indicators. Overall our customer base increased 3.9% on last year.

In addition to the customer base the business monitors several key performance indicators which include key measures on productivity, cost, sales and margin.

Our balance sheet remains strong with net assets of £52.2m (2014: £48.2m)

The directors recognise as the principal risks of our business:

- |                  |                                                                                                                                                                                  |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology risk  | - any significant failure of IT systems would affect our ability to trade                                                                                                        |
| People risk      | - the success of our business is based on employing the best people with the right capabilities                                                                                  |
| Operational risk | - the businesses continuity plans, in the event of an emergency incident, are key to ensure we are prepared and have a plan in place to mitigate the impact of any adverse event |
| Performance risk | - performance against budget and competitors is tracked as any negative variance could lead to a failure to deliver the long-term goals                                          |
| Regulatory risk  | - as we operate in several countries, we need to ensure compliance with all local requirements, and monitor any legal or regulatory changes.                                     |

The directors meet regularly to evaluate business risks and monitor the economic climate and take appropriate action where necessary. In particular the processes and systems surrounding fraud and credit risk are continuously evaluated.

Additional information on the group's activities is given in the President and Co-Chairmen's Statement on page 2.

On behalf of the Board



D A Thatcher  
Director

17 September 2015

**Directors' report for the period ended 3 July 2015**

The directors present their annual report and the audited consolidated financial statements of the group and company for the period ended 3 July 2015

**Results and dividends**

The group profit for the financial period was £3,484,000 (2014 £7,756,000). The directors have recommended a final dividend of £31.90 per share (2014 final dividend of £35.24 per share). No special interim dividend has been paid in the year (2014 interim dividend of £39.53 per share).

The future developments of the company are disclosed in the Strategic report.

**Directors**

The directors, who held office during the period and up to the date of signing the financial statements, except as stated otherwise, are given below

A H G Laithwaite	President
B A Laithwaite	Co-Chairman
A J Porter	Co-Chairman
E McMeikan	Non-executive (resigned 20 January 2015)
S N McMurtrie	CEO (resigned 18 January 2015)
C A Humphreys	CFO (resigned 11 July 2014)
H J H Laithwaite	Non-executive
W W Laithwaite	Non-executive
T A E Laithwaite	Non-executive
A White	Non-executive
E J Coombs	Interim CFO (resigned 31 March 2015)
D A Thatcher	CEO (appointed 19 January 2015)
J W H Weir	CFO (appointed 2 March 2015)

**Directors' and officers' liability insurance**

The group maintains liability insurance for its directors and officers. Following shareholder approval the group has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**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 prepared the group and parent company 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 group and the company and of the profit or loss of the group 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 and the group will continue in business.

**Directors' report for the period ended 3 July 2015 (continued)****Statement of directors' responsibilities (continued)**

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk, interest rate risk and credit risk. The group has a risk management programme that limits the adverse effect of these financial risks on the financial performance of the group.

The risk management policies are set by the board of directors and implemented by the group's finance department. The policies provide specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

The group utilises forward foreign currency contracts in order to manage exchange risk. When forward foreign currency contracts have not been entered into, the group takes active risk management steps in order to manage the risks involved.

The group actively maintains a mixture of long term and short term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

The group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the group by regular consideration of hedging activity. In the current period, no hedging activity has been applied.

**Political and charitable contributions**

The group made charitable donations of £1,000. The main donation of £1,000 was to The Benevolent, the drinks industry charity (2014: £2,290, the main donation of £2,000 was to Macmillan Cancer Support). No political donations were made during the period (2014: Nil).

**Employees**

The necessity for, and the importance of, good communications and relations with all employees is well recognised and accepted throughout the group. Employees are encouraged to discuss with management factors affecting the group and any matters about which they are concerned. In addition, the Board takes account of employees' interests when making decisions and employees are informed regularly of the group's performance, both operational and financial. Suggestions from employees aimed at improving the group's performance are welcomed.

The group also supports the employment of persons with disability wherever possible, through recruitment and by retention of those who suffer disability during their employment, and generally through training, career development and promotion.

**Directors' report for the period ended 3 July 2015 (continued)**

**Statement as to disclosure of information to auditors**

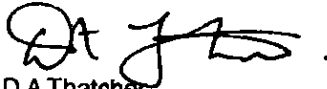
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it had been communicated to the auditors.

This disclosure is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D A Thatcher', is written over the printed name.

D A Thatcher  
Director

17 September 2015



## **Independent auditors' report to the members of Direct Wines Holdings Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Direct Wines Holdings Limited's group financial statements and company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 3 July 2015 and of the group's profit and cash flows 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

#### **What we have audited**

The financial statements comprise

- the group and company balance sheets as at 3 July 2015,
- the group profit and loss account and statement of group total recognised gains and losses for the year then ended,
- the group cash flow statement and group reconciliation of net cash flow to movement in net funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of Direct Wines Holdings Limited (continued)**

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

#### **What an audit of financial statements involves**

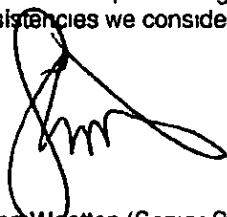
We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



**Stephen Wootten** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
17 September 2015

## Group profit and loss account for the period ended 3 July 2015

	Note	53 week period ended 3 July 2015 £'000	Restated 52 week period ended 27 June 2014 £'000
<b>Turnover including share of joint venture</b>			
Continuing operations		286,834	279,264
Discontinued operations		541	5,863
		<b>287,375</b>	<b>285,127</b>
Less: share of turnover of joint venture		(256)	(274)
<b>Group turnover</b>	2	<b>287,119</b>	<b>284,853</b>
Cost of sales		(174,465)	(168,199)
<b>Gross profit</b>		<b>112,654</b>	<b>116,654</b>
Operating expenses	3	(105,502)	(113,671)
Operating profit/(loss)			
Continuing operations		8,233	2,159
Discontinued operations		(1,081)	824
<b>Group Operating Profit</b>		<b>7,152</b>	<b>2,983</b>
Share of operating loss in joint venture		(74)	(163)
<b>Total Operating profit: group and share of joint ventures</b>		<b>7,078</b>	<b>2,820</b>
Profit on sale of subsidiaries	4	-	7,784
Interest receivable and similar income	5	53	132
Interest payable and similar charges	6	(280)	(433)
Share of net interest payable in joint venture	7	(151)	(64)
<b>Profit on ordinary activities before taxation</b>	8	<b>6,700</b>	<b>10,239</b>
Tax on profit on ordinary activities	11	(3,216)	(2,483)
<b>Profit for the financial period</b>	25	<b>3,484</b>	<b>7,756</b>

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial periods stated above, and their historical cost equivalents

The impact of the review of the accounting policy for revenue recognition in relation to En Primeur sales was to reduce the turnover by £697k (2014 increase £41k), reduce cost of sales by £575k (2014 increase £126k) and to reduce operating profit by £122k (2014 £85k) (Note1)

## Statement of group total recognised gains and losses

	53 week period ended 3 July 2015 £'000	Restated 52 week period ended 27 June 2014 £'000
Profit for the financial period	3,484	7,756
Currency translation differences on foreign currency net investments	2,254	(4,480)
Prior year adjustment – revenue recognition (Note 1)	(422)	-
<b>Total recognised gains and losses relating to the period</b>	<b>5,316</b>	<b>3,276</b>

## Group balance sheet as at 3 July 2015

	Note	3 July 2015 £'000	Restated 27 June 2014 £'000
<b>Fixed assets</b>			
Intangible assets	13	16,030	17,036
Tangible assets	14	29,991	30,002
		<b>46,021</b>	<b>47,038</b>
<b>Current assets</b>			
Stock	16	29,967	33,254
Debtors amounts falling due within one year	17	12,240	12,823
Debtors amounts falling due after more than one year	17	9	52
Cash at bank and in hand	18	36,779	26,409
		<b>78,995</b>	<b>72,538</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(69,164)</b>	<b>(56,562)</b>
<b>Net current assets</b>		<b>9,831</b>	<b>15,976</b>
<b>Total assets less current liabilities</b>		<b>55,852</b>	<b>63,014</b>
<b>Creditors: amounts falling due after more than one year</b>	20	-	(12,500)
<b>Provisions for liabilities</b>	22	<b>(2,556)</b>	<b>(1,426)</b>
<b>Provision for joint venture deficit</b>	15	<b>(1,119)</b>	<b>(866)</b>
- share of gross assets		159	187
- share of gross liabilities		(1,278)	(1,053)
<b>Net assets</b>		<b>52,177</b>	<b>48,222</b>
<b>Capital and reserves</b>			
Called-up share capital	24	51	51
Profit and loss account	25	52,126	48,171
<b>Total shareholders' funds</b>	26	<b>52,177</b>	<b>48,222</b>

The review of the accounting policy for revenue recognition in relation to En Primeur sales resulted in the increase in stock by £2,475k (2014 £1,899k), increased creditors £3,019k (2014 £2,321k) and reduction in the Profit and loss account £544k (2014 £422k) (Note 1)

The financial statements on pages 9 to 30 were approved by the board of directors on 17<sup>th</sup> September 2015 and were signed on its behalf by



B A Lathwaite  
Director  
Direct Wines Holdings Limited  
Registered number 06574767

## Company balance sheet as at 3 July 2015

	Note	3 July 2015 £'000	27 June 2014 £'000
<b>Fixed assets</b>			
Investments	15	2,703	2,728
<b>Current assets</b>			
Debtors amounts falling due after more than one year	17	9,470	11,253
Cash at bank and in hand	18	200	200
		9,670	11,453
<b>Creditors: amounts falling due within one year</b>	19	-	-
<b>Net current assets</b>		9,670	11,453
<b>Total assets less current liabilities</b>		12,373	14,181
<b>Net assets</b>		12,373	14,181
<b>Capital and reserves</b>			
Called up share capital	24	51	51
Profit and loss account	25	12,322	14,130
<b>Total shareholders' funds</b>	26	12,373	14,181

The financial statements on pages 9 to 30 were approved by the board of directors on 17<sup>th</sup> September 2015 and were signed on its behalf by



B A Laithwaite  
Director  
Direct Wines Holdings Limited  
Registered number 06574767

### Group cash flow statement for the period ended 3 July 2015

	Note	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
Net cash inflow from operating activities	27a	14,101	14,113
Net cash outflow from returns on investments and servicing of finance	27b	(227)	(386)
Taxation		(3,301)	(801)
Net cash outflow from capital disposal and capital expenditure	27b	(6,956)	(7,199)
Net cash inflow from disposals and acquisitions	27b	-	10,875
Equity dividends paid to shareholders	12	(1,783)	(3,607)
Net cash inflow before use of liquid resources and financing		1,834	12,995
Net cash outflow from financing	27b	(12,500)	(3,400)
<b>(Decrease)/Increase in net cash in the period</b>		<b>(10,666)</b>	<b>9,595</b>

### Group reconciliation of net cash flow to movement in net funds

	Note	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
<b>(Decrease)/Increase in net cash in the period</b>		<b>(10,666)</b>	<b>9,595</b>
Movement in loans and borrowings		12,500	3,400
Movement in net funds in the period resulting from cash flows		1,834	12,995
Translation differences		568	(1,863)
Movement in net funds in the period		2,402	11,132
Opening net funds	27c	11,575	443
<b>Closing net funds</b>	<b>27c</b>	<b>13,977</b>	<b>11,575</b>

**Notes to the financial statements for the period ended  
3 July 2015****1 Accounting policies**

These financial statements are prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom. Principal accounting policies, which have been applied consistently throughout the period, are set out below.

During the period ending 3rd July 2015, following a review of the accounting treatment of En Primeur revenue recognition, the directors have decided to adopt a more prudent approach. Revenue for En Primeur sales is now recognised on a dispatch basis instead of on order basis. The comparative results for the period ended 27 June 2014 have been restated. The effect of implementing this new accounting policy was to decrease operating profit for the year by £122k (2014 £85k), increase stock by £2,475k (2014 £1,899k), increase creditors by £3,019k (2014 £2,321k) and reduce the Profit and loss account by £544k (2014 £422k).

**Financial period**

The financial statements are made up to the Friday nearest to 30 June each year. Periodically this results in a financial period of 52 weeks. The current accounting period is for the 53 weeks period ended 3 July 2015. The previous accounting period was for the 52 weeks ended 27 June 2014.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its interests in subsidiaries. The results of businesses acquired or disposed of in the year are consolidated from or up to the effective date of acquisition or disposal. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passed. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill and written off on a straight line basis over its estimated economic life. Provisions are made for impairment where necessary. Uniform accounting policies are adopted throughout the group. Transactions and balances between subsidiaries are eliminated on consolidation.

**Exemption from the disclosure of a parent company profit and loss account**

Direct Wines Holdings Limited, as parent company of the group has taken exemption from disclosure of its individual profit and loss account under Companies Act 2006 s408.

**Exemption from audit by parent guarantee**

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 3 July 2015 have been taken by companies stated below.

<b>Company Name</b>	<b>Registered number</b>
Direct Wines Limited	01095091
Averys of Bristol Limited	00376920
Direct Wines International Limited	02987166
Direct Wines Finance Limited	06932033
Direct Wines Europe Limited	08532287

As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

**Notes to the financial statements for the period ended  
3 July 2015 (continued)****1 Accounting policies (continued)****Purchased goodwill**

Goodwill representing the excess of the purchase price over the fair value of net assets acquired is capitalised and written off over 15 – 25 years as, in the opinion of the directors, this represents the period over which the goodwill is effective

The group evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

**Fixed asset investments**

Investments are stated at cost less provision for any impairment in value

**Tangible fixed assets**

Tangible fixed assets are stated at historical cost less provision for depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Freehold land	not depreciated
Freehold properties	over 50 years
Improvements to property	over 5 to 10 years
Shop premiums	the shorter of the lease life and 10 years
Computer hardware and software, and furniture and fittings	over 3 to 10 years
Motor vehicles	over 2 to 4 years
Assets in the course of construction	not depreciated

**Stock**

Stock, work in progress and raw materials are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for selling costs. Provision is made where necessary for obsolete, slow moving and defective stock

**Production costs**

Wine production costs borne directly by the group are allocated to specific products and are added to the direct costs of the wine when it is purchased. Costs relating to products not delivered by the period end are carried forward in the balance sheet as work in progress

**Turnover**

Turnover, which excludes value added tax, trade discounts and returns, represents the invoiced value of goods, membership subscriptions, trips and tastings provided to customers during the period. Turnover is recognised on sales when title to the product passes which is generally upon dispatch. Turnover for subscriptions, trips and tastings is recognised when the service is provided.

Franchise fees, included within turnover are received in connection with the license of the brand names, under the long-term contracts. The franchise royalty fees are charged as a percentage of wine sales revenue. Revenue is earned and recognised on a monthly basis



**Notes to the financial statements for the period ended 3 July 2015 (continued)****1 Accounting policies (continued)****Foreign exchange**

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains or losses are included in the profit and loss account in the period in which they arise.

The results of foreign subsidiaries are translated at the average rate of exchange for the period and assets and liabilities are translated at the closing balance sheet rate. The exchange differences arising on the retranslation of opening net investments in subsidiary companies and the translation of results at average rates are taken to reserves.

**Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**Leased assets and obligations**

Assets held under finance leases, which are leases where substantially all the risks and rewards 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 period 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 contributions**

The group operates defined contribution pension schemes and the pension charge represents the amounts payable by the group to the schemes in respect of the period.

**Related parties**

FRS 8 "Related Party Disclosures" requires the disclosure of the details of material transactions between the reporting entity and related parties. However, transactions between the company and other group companies have not been disclosed in accordance with the exemption in FRS 8 as the consolidated financial statements of the group are publically available.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 2 Group Turnover

The company's turnover was all derived from its principal activity. Sales were made in the following geographical markets

	53 week period ended 3 July 2015 £'000	Restated 52 week period ended 27 June 2014 £'000
United Kingdom	202,695	194,448
Rest of World	84,424	90,405
	<b>287,119</b>	<b>284,853</b>

### 3 Operating expenses

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
Distribution costs	10,197	12,835
Administration expenses	95,405	100,837
	<b>105,602</b>	<b>113,672</b>

### 4 Profit on sale of subsidiaries

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
<b>Discontinued operations</b>		
Profit on sale of subsidiaries	-	7,784

### 5 Interest receivable and similar income

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
On bank deposits	53	132

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 6 Interest payable and similar charges

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
On bank loans and overdrafts	280	433

### 7 Share of net interest payable in joint venture

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
On bank loans and overdrafts	151	64

### 8 Profit on ordinary activities before taxation

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation charge for the period		
Owned assets	6,644	6,032
Leased assets	53	6
Amortisation and impairment of goodwill	2,367	1,103
Profit on disposal of tangible fixed assets	5	2
Operating lease rentals		
Plant and machinery	354	66
Other assets	3,191	2,869
Services provided by the company's auditors		
- fees payable for audit of group undertakings	147	146
- fees payable for the audit of the company	5	5
- other services	5	-
- tax advisory services	33	103

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 9 Employee information

The average monthly number of persons (including the executive directors) employed by the group during the period was:

By activity	53 week period ended 3 July 2015 Number	Restated 52 week period ended 27 June 2014 Number
Office and management	258	313
Selling and distribution	456	451
	<b>714</b>	<b>764</b>

Management has reassessed allocation of staff and reflected these changes above

Staff costs for the above persons comprised

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
Wages and salaries	27,668	27,170
Social security costs	2,534	2,556
Other pension costs (note 30)	1,061	880
	<b>31,263</b>	<b>30,606</b>

In addition to the above, staff costs of £1,778,946 (2014: £1,611,000) have been capitalised into tangible fixed assets as part of the cost of development of software assets. These costs are included in "Assets under the course of construction" and "Computer hardware and software, and Furniture and fittings".

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 10 Directors' emoluments

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
Aggregate emoluments	1,919	2,305

In the current period retirement benefits are accruing to 1 director (2014 no directors) under the group's defined contribution scheme. The contribution paid in the current was £11,000 (2014 nil).

Fees paid to non-executive directors for their services during the period amounted to £89,617 (2014 £89,894).

#### Highest paid director

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
Aggregate emoluments	832	1,318

### 11 Tax on profit on ordinary activities

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
<b>Current tax</b>		
United Kingdom Corporation tax at 20.75% (2014 22.5%)	(326)	-
<b>Foreign tax</b>		
Corporation tax	(2,417)	(2,437)
<b>Other current tax</b>		
Adjustments in respect of prior periods	673	323
<b>Total current tax charge</b>	<b>(2,070)</b>	<b>(2,114)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences		
- UK	18	170
- Foreign tax	(659)	(738)
Adjustments in respect of prior periods	(505)	
Impact of change in tax rate	-	199
<b>Total deferred tax (note 23)</b>	<b>(1,146)</b>	<b>(369)</b>
<b>Tax on profit on ordinary activities</b>	<b>(3,216)</b>	<b>(2,483)</b>

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 11 Tax on profit on ordinary activities (continued)

The tax assessed for the period is higher (2014 lower) than the standard rate of corporation tax in the UK for the period ended 3 July 2015 of 20.75% (2014 22.50%).

The differences are explained below

	53 week period ended 3 July 2015 £'000	Restated 52 week period ended 27 June 2014 £'000
<b>Profit on ordinary activities before taxation</b>	<b>6,700</b>	<b>10,239</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 22.5%)	1,390	2,304
Effects of		
Expenditure/(Income) not allowable for tax purposes	392	(1,645)
Difference in capital allowances and depreciation	(179)	(109)
Higher overseas tax rate	1,448	986
Overseas tax losses arising/(utilised)	(335)	13
Overseas tax losses carried forward	102	735
Overseas tax losses unrelieved/expired	126	-
Transfer pricing adjustment	28	13
Other timing differences	(141)	121
Adjustments in respect of prior periods	(673)	(323)
Change in accounting policy	(88)	19
<b>Total current tax</b>	<b>2,070</b>	<b>2,114</b>

#### Factors affecting current and future tax charges

Changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. The UK Finance Act 2013 received royal assent on 17 July 2013, reducing the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The effect of these changes is included in these financial statements.

Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 12 Dividends

	53 week period ended 3 July 2015 £'000	52 week period ended 27 June 2014 £'000
2013 Final dividend paid £31.76 per share	-	1,607
2013 Special interim dividend paid £39.53 per share	-	2,000
2014 Final dividend paid £35.24	1,783	-
<b>Total dividend paid</b>	<b>1,783</b>	<b>3,607</b>

The directors have recommended a dividend of £1,614,140 (£31.90 per share) in respect of the period ended 3 July 2015

### 13 Intangible assets

Group	Goodwill £'000
<b>Cost</b>	
At 27 June 2014	28,044
Translation differences	2,204
<b>At 3 July 2015</b>	<b>30,248</b>
<b>Accumulated amortisation and impairment</b>	
At 27 June 2014	11,008
Amortisation charge for the period	1,066
Impairment charge for the period	1,301
Translation differences	843
<b>At 3 July 2015</b>	<b>14,218</b>
<b>Net book value</b>	
<b>At 3 July 2015</b>	<b>16,030</b>
At 27 June 2014	17,036

The company has no intangible fixed assets

During the year the group has performed an impairment review of goodwill and this resulted in the write off of net book value of £1,300,698 in respect of goodwill for Wine Society of India Private Limited

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 14 Tangible assets

Group	Land and buildings		Computer hardware and software, and furniture and fittings	Assets in course of construction	Warehouse fixtures & fittings	Motor vehicles	Total
	Freehold properties	Short leasehold property improvements and shop premiums					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 27 June 2014	3,152	9,589	40,137	4,945	6,365	63	64,251
Additions	26	1,404	239	4,879	435	7	6,990
Disposals	-	(3,597)	(2,922)	-	(861)	(14)	(7,394)
Assets brought into use	-	82	6,604	(6,705)	19	-	-
Translation differences	(286)	(3)	(57)	(10)	(73)	(2)	(431)
<b>At 3 July 2015</b>	<b>2,892</b>	<b>7,475</b>	<b>44,001</b>	<b>3,109</b>	<b>5,885</b>	<b>54</b>	<b>63,416</b>
<b>Accumulated depreciation</b>							
At 27 June 2014	671	7,981	20,321	-	5,259	17	34,249
Charge for the period	100	816	5,396	-	369	16	6,697
Disposals	-	(3,597)	(2,871)	-	(862)	(7)	(7,337)
Translation differences	(66)	(4)	(72)	-	(42)	-	(184)
<b>At 3 July 2015</b>	<b>705</b>	<b>5,196</b>	<b>22,774</b>	<b>-</b>	<b>4,724</b>	<b>26</b>	<b>33,425</b>
<b>Net book value</b>							
<b>At 3 July 2015</b>	<b>2,187</b>	<b>2,279</b>	<b>21,227</b>	<b>3,109</b>	<b>1,161</b>	<b>28</b>	<b>29,991</b>
At 27 June 2014	2,481	1,608	19,816	4,945	1,106	46	30,002

The value of land included within freehold properties is not depreciated

The company has no tangible fixed assets

### 15 Investments

Group	Provision for joint venture deficit
	£'000
At 27 June 2014	(866)
Share of loss	(225)
Foreign exchange gain/(loss)	(28)
<b>At 3 July 2015</b>	<b>(1,119)</b>

Company	Shares in subsidiaries
	£'000
Cost and net book value at 27 June 2014	2,728
Disposal of investment	-
Impairment of investment	(25)
<b>Net book value at 3 July 2015</b>	<b>2,703</b>



## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 15 Investments (continued)

The directors believe that the carrying value of investments is supported by their underlying assets and/or future cash flows

Details of all subsidiary undertakings are as follows

Subsidiary	Country of incorporation or registration	Class of holding	Proportion held	Nature of business
Direct Wines Limited	England & Wales	Ordinary	100%	Sale of wine
Averys of Bristol Limited	England & Wales	Ordinary	100%	Sale of wine
Direct Wines Finance Limited	England & Wales	Ordinary	100%	Financing company
Direct Wines International Limited	England & Wales	Ordinary	100%	Holding company
DW USA Holdings Inc	USA	Ordinary	100%*	Holding company
SLJ Group Inc	USA	Ordinary	100%*	Sale of wine
Archway Partnerships Inc	USA	Ordinary	100%*	Wine marketing
Direct Wines Australia Holdings Pty Limited	Australia	Ordinary	100%*	Holding company
St Andrews Vineyard Pty Limited	Australia	Ordinary	100%*	Production of wine
Handcrafted Wines Limited	Australia	Ordinary	100%*	Production of wine
Wine People Pty Limited	Australia	Ordinary	100%*	Sale of wine
Direct Wines Source Australia Pty Ltd	Australia	Ordinary	100%*	Production of wine
Direct Wines France Holdings SARL	France	Ordinary	100%*	Holding company
Le Chai au Quai SARL	France	Ordinary	100%*	Production of wine
Direct Wines (Castillon) SARL	France	Ordinary	100%*	Production of wine
SCI de Colombe	France	Ordinary	100%*	Production of wine
SCEA du domaine de Colombe	France	Ordinary	100%*	Production of wine
SCEA du domaine du Bois	France	Ordinary	100%*	Production of wine
Direct Wines Cyprus Limited	Cyprus	Ordinary	100%*	Holding Company
Redgrape Businesses Services Private Limited	India	Ordinary	100%*	IT Services
Direct Wines Europe Limited	England & Wales	Ordinary	100%*	Holding Company
Lairthwaites AG	Switzerland	Ordinary	100%*	Sale of wine
Lairthwaites GmbH	Germany	Ordinary	100%*	Sale of wine
Direct Wines Sp zoo	Poland	Ordinary	100%*	Sale of wine
Bordeaux Direct Limited	England & Wales	Ordinary	100%*	Dormant
Direct Wines (Windsor) Limited	England & Wales	Ordinary	100%*	Dormant
Lairthwaites Limited	England & Wales	Ordinary	100%*	Dormant
Lairthwaites Wine Limited	England & Wales	Ordinary	100%*	Dormant

\* held indirectly

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 15 Investments (continued)

The company also has an investment in the following joint venture

Undertaking	Country of incorporation or registration	Class of holding	Proportion held	Nature of business
Wine Society of India Private Limited	India	Ordinary	33.33%*	Sale of wine

\* held indirectly

### 16 Stock

Group	3 July 2015 £'000	Restated 27 June 2014 £'000
Raw materials and consumables	394	398
Work in progress	3,126	1,707
Finished goods and goods for resale	26,447	31,149
	29,967	33,254

The stock balance has been restated following the change in revenue recognition policy for En Primeur sales (Note 1)

The company holds no stock (2014 £nil)

### 17 Debtors

	Group		Company	
	3 July 2015	27 June 2014	3 July 2015	27 June 2014
Amounts falling due within one year	£'000	£'000	£'000	£'000
Trade debtors	9,128	9,459	-	-
Other debtors	696	608	-	-
Prepayments and accrued income	2,416	2,756	-	-
	12,240	12,823	-	-

	Group		Company	
	3 July 2015	27 June 2014	3 July 2015	27 June 2014
Amounts falling due after more than one year	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	-	-	9,470	11,253
Deferred tax asset (note 23)	9	52	-	-
	9	52	9,470	11,253

### 18 Cash at bank and in hand

Included in Group Cash at bank and in hand is nil (2014 £nil) relating to advance payments received from customers

The company holds cash of £200,000 (2014 £200,039)

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 19 Creditors: amounts falling due within one year

	Group		Company	
	3 July 2015	Restated 27 June 2014	3 July 2015	27 June 2014
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	22,802	2,334	-	-
Trade creditors	23,763	31,037	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	488	1,585	-	-
Other taxation and social security	4,328	5,431	-	-
Other creditors	1,592	1,091	-	-
Accruals and deferred income	16,191	15,084	-	-
	69,164	56,562	-	-

The group operates a "pooling" arrangement for treasury management. The overdraft positions detailed above as at 3 July 2015 were covered in full by cash deposits held by other group companies

The creditors balance has been restated following the change in revenue recognition policy for En Primeur sales (Note 1)

### 20 Creditors: amounts falling due after more than one year

	Group	
	3 July 2015	27 June 2014
	£'000	£'000
Bank loans and overdrafts – (note 21)	-	12,500
	-	12,500

### 21 Loans and other borrowings

Group	3 July 2015	27 June 2014
Loans	£'000	£'000
Bank revolving credit facility	-	12,500
	-	12,500

Maturity of loans and other borrowings	3 July 2015	27 June 2014
	£'000	£'000
In one year or less	-	-
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	-	12,500
	-	12,500

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 22 Provisions for liabilities

	Deferred tax provision (note 23) £'000
At 27 June 2014	1,426
Charged to the profit and loss account	1,130
At 3 July 2015	2,556

### 23 Deferred taxation

Deferred taxation recognised in the financial statements and the amount not recognised of the total potential assets are as follows

Group	Recognised		Not recognised	
	3 July 2015 £'000	27 June 2014 £'000	3 July 2015 £'000	27 June 2014 £'000
Accelerated capital allowances	(3,282)	(2,578)	-	-
Other timing differences	476	735	-	-
Losses	259	469	3,024	5,570
Deferred tax provision	(2,547)	(1,374)	3,024	5,570
Movement in period				
Net deferred tax (liability) at the beginning of the period	(1,374)	(269)		
Charged to the profit and loss account	(1,146)	(369)		
Disposal of Virgin Wine	-	(713)		
Foreign exchange difference	(27)	(23)		
Net deferred tax liability at the end of the period	(2,547)	(1,374)		
Comprising				
Deferred tax asset (note 17)	9	52		
Deferred tax liability (note 22)	(2,556)	(1,426)		
Net deferred tax liability	(2,547)	(1,374)		

The unrecognised deferred tax asset would be recognised in the event that its recovery was considered to be more likely than not

Tax losses in Lathwaites GmbH, Lathwaites AG and Direct Wines Poland sp Zoo, which are entering liquidation, are excluded from deferred tax assets not recognised in period ending 3 July 2015

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 24 Called up share capital

	3 July 2015 £'000	27 June 2014 £'000
<b>Group and company</b>		
<b>Authorised</b>		
1,000,000 (2014 1,000,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
50,600, (2014 50,600) ordinary shares of £1 each	51	51

### 25 Profit and loss account

	Restated Group £'000	Company £'000
At 27 June 2014 – as previously reported	48,593	14,130
Prior year adjustment – revenue recognition (note 1)	(422)	-
At 27 June 2014 – as restated	48,171	14,130
Profit for the financial period	3,484	(25)
Currency translation differences on foreign currency net investments	2,254	-
Dividends paid (note 12)	(1,783)	(1,783)
<b>At 3 July 2015</b>	<b>52,126</b>	<b>12,322</b>

As permitted by Section 408 of the Companies Act 2006 the parent company's profit and loss account has not been included in these financial statements

### 26 Reconciliation of movements in shareholders' funds

	Group		Company	
	3 July 2015 £'000	Restated 27 June 2014 £'000	3 July 2015 £'000	27 June 2014 £'000
Profit for the financial period	3,484	7,756	(25)	12,075
Dividends paid	(1,783)	(3,607)	(1,783)	(3,607)
Currency translation differences on foreign currency net investments	2,254	(4,480)	-	-
Net addition/(reduction) to shareholders' funds	3,955	(331)	(1,808)	8,468
Opening shareholders' funds	48,222	48,553	14,181	5,713
<b>Closing shareholders' funds</b>	<b>52,177</b>	<b>48,222</b>	<b>12,373</b>	<b>14,181</b>

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 27 Cash flow

	Year ended 3 July 2015	Restated Year ended 27 June 2014
	£'000	£'000
<b>a) Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	7,078	2,820
Depreciation charges	6,697	6,038
Amortisation and impairment of goodwill and other intangible assets	2,367	1,103
Share of loss in joint venture	74	163
Profit on sale of fixed assets	5	2
Decrease in stocks	3,591	2,874
Decrease/(Increase) in debtors	1,905	(196)
Increase/(decrease) in creditors	(7,616)	1,309
<b>Net cash inflow from operating activities</b>	<b>14,101</b>	<b>14,113</b>

	Year ended 3 July 2015	Year ended 27 June 2014
	£'000	£'000
<b>b) Gross cash flows</b>		
<b>Returns on investments and servicing in finance:</b>		
Interest received	53	47
Interest paid	(280)	(433)
	(227)	(386)

<b>Capital disposals and expenditure</b>		
Sale of fixed assets	52	59
Purchase of tangible fixed assets	(7,008)	(7,258)
	(6,955)	(7,199)

<b>Acquisitions and disposals</b>		
Receipts from sale of subsidiary undertakings	-	14,065
Cash at bank and in hand transferred on sale	-	(2,822)
Other payments made in relation to sale of subsidiary undertakings	-	(368)
	-	10,875

<b>Financing</b>		
Repayment of borrowings	(12,500)	(3,400)
	(12,500)	(3,400)

## Notes to the financial statements for the period ended 3 July 2015 (continued)

### 27 Cash flow (continued)

#### c) Analysis of changes in net funds

	At 28 June 2014 £'000	Cash flow £'000	Translation difference £'000	At 3 July 2015 £'000
Cash in hand and at bank	26,409	9,802	568	36,779
Bank overdraft	(2,334)	(20,468)	-	(22,802)
Loans	(12,500)	12,500	-	-
<b>Total</b>	<b>11,575</b>	<b>1,834</b>	<b>568</b>	<b>13,977</b>

### 28 Contingent liabilities

The group has given indemnities to its bankers in respect of duty deferment guarantees made by the bank on behalf of the group. At 3 July 2015 these amounted to £0.6m (2014 £0.6m).

The group has given indemnities to its bankers in respect of guarantees made by the bank on behalf of the group. At 3 July 2015 these amounted to £120,639 (2014 £189,125).

The bank overdrafts and loan of the UK group undertakings are secured by cross guarantees between the UK group companies. At 3 July 2015 the potential liability of the company was £23,588,043 (2014 £2,125,624). Included in this amount is HSBC's Global Liquidity Solution, a cross-border, cross-currency cash pooling facility of £17,733,477 (2014 nil).

### 29 Financial commitments

At 3 July 2015 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 3 July 2015 £'000	Other 3 July 2015 £'000	Land and buildings 27 June 2014 £'000	Other 27 June 2014 £'000
Expiring within one year	62	186	1,004	108
Expiring in more than one year, but less than five years	580	-	372	-
Expiring after five years	2,006	-	1,526	-
	<b>2,648</b>	<b>186</b>	<b>2,902</b>	<b>108</b>

At the balance sheet date the group was committed to the following currency purchases under forward contract agreements (denominated in the respective foreign currency): Australian Dollars 9.6m, Euros 44.5m, New Zealand Dollars 1.8m.

At the balance sheet date the group was committed to the sale of the following currencies under forward contract agreements (denominated in the respective foreign currency): United States Dollars 18.3m.

**Notes to the financial statements for the period ended  
3 July 2015 (continued)**

**30 Pension commitments**

The group companies operate defined contribution pension schemes whose assets are held separately from those of the companies in independently administered funds. The pension cost charge represents contributions payable by the group and amounted to £1,061,000 (2014 £880,000). There were unpaid contributions at the period end of £129,000 (2014 £75,000).

**31 Ultimate controlling party**

The directors regard the Lathwaite family as the ultimate controlling party of the company by virtue of their interest in the share capital of the company.